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# A DIGEST OF BRITISH ECONOMIC HISTORY

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## PREFACE

THE study of Economic History is spreading rapidly in the educational world of to-day, and the subject is being given an increasingly important place in our system of examinations. Until a short time ago it did not receive much attention outside the Universities ; but the present-day interest in social and economic questions, engendered by the great world war, has made the study of political cause and effect—the history of our various trades and industries, the many problems arising from the struggles of Labour and Capital, and so forth—absolutely necessary for those who wish to read properly the signs of the times. So we find that in all kinds of evening and continuation classes this subject is now included in the syllabus : it is probably not too much to say it is the most popular of all with those who have to earn their own living.

It is to meet this new demand that the present book has been written. The aim of the authors has been to help those who have had no previous training in the subject, and though they do not claim for their book any originality of view or independent research, they think it presents the essential facts in greater detail and with more numerous illustrations than other text-books of similar size and scope. Every care has been taken

to verify the statistics and to bring the treatment up to date, so as to embody the views of the best modern authorities. It covers the ground required by practically all existing examination syllabuses, though aspirants after honours will naturally pass on from it to more learned and more specialised treatises.

Its arrangement—adopted after some hesitation—is chronological. This has obvious disadvantages, *e.g.* it entails inevitably a certain amount of repetition and overlapping; but, on the other hand, it facilitates its use side by side with an ordinary history text-book—no small advantage in class teaching.

The authors would like to express their great obligations to Professor J. H. Clapham, of King's College, Cambridge, to whose lectures they have been indebted for much material and many of the most interesting illustrations, and with whose approval the work was undertaken. They would also like to thank Mr. Murray's Educational Editor, Mr. R. B. Lattimer, M.A., for his valuable help and criticism while the book was being prepared for publication.

F. H. M. RALPH.  
W. J. N. GRIFFITH.

TONBRIDGE,  
*March, 1921.*

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# A DIGEST OF BRITISH ECONOMIC HISTORY

## CHAPTER I

### TRACES OF EARLY CIVILISATION

ECONOMIC history is the story of the fight of the human race with nature and of the social organisation brought about by the struggle for life. Economics is not the fine flower of history : it is the root.

THE STONE AGES.—The Stone Ages have been classified by the extent of man's knowledge of metals ; the earliest known races did not know the use of them at all.

The Palæolithic or Old Stone Age can have no date assigned to it, but we know that England was inhabited before it was an island. Primitive man used rough flint instruments, did a little scratching on bone, and made bone needles. He had no pottery, grew no corn, and kept no dog.

In the Neolithic or New Stone Age his implements were still of flint, but they were highly polished. We do not know whether the country was inhabited in the interval between the Stone Ages—an interval which is generally believed to coincide with the last glacial period—but the continuance of man is certain. It

## 2 TRACES OF EARLY CIVILISATION

used to be thought that both Neolithic and Celtic men were exterminated, but it is now known that this was not so.

Neolithic man was small, dark, and lightly built, with regular features and a long skull. Tacitus notes that there was a resemblance between the inhabitants of Britain and Spain; probably the races of the Mediterranean basin and those of Britain were akin.

**FLINT MANUFACTURE.**—Neolithic remains are common in the chalk of the south-eastern counties, and a considerable trade in flint implements went on in the country. At one time (? B.C. 2500) there were centres where they were manufactured; and flint pits, which are still to be seen, were sunk to find them; pickaxes of wood and antlers have also been found. Places where the flints were ground and chipped into shape have also been discovered.

**NEOLITHIC CIVILISATION.**—Rude pottery dates from the period of polished flint, but not of the earlier chipped implements.

Tillage is known to have existed in these times on the Continent (though its existence in England cannot be proved), and man possessed flocks of sheep, pigs, and cattle—the last mentioned being small beasts with long horns. He also kept a dog and lived partly by the chase.

Palæolithic man was contemporary with the rhinoceros, hippopotamus, and cave lion; Neolithic man with the grizzly bear, the elk, and the Aurochs.

**THE BRONZE AGE.**—Some authorities, though not all, think that bronze was introduced by a new race, but it may well have become known to the inhabitants

of these islands through barter, which probably existed from the earliest times. The introduction of bronze probably took place from 2000 to 1400 B.C. From B.C. 1200 onward the art of working in it reached quite a high level ; metal was used for many things—weapons, pots, and pans, as well as for ornaments. Gold, amber, and jet were worn, and we find even sham jewellery—of bronze covered with gold.

THE CELTS.—Some time during this age invasions of Celts took place, but bronze was already in use when they came.

There are two classes of Celtic language : Goidel or Gael, whence come the Scotch Gaelic and the Erse of Ireland ; and Brython, which is represented by Welsh and the now extinct Cornish dialect. These two dialects are believed by some English authorities to represent two distinct invasions, but continental experts think otherwise. At all events there were several waves of immigration.

IRON INTRODUCED.—There is clear evidence of trading with the Continent, both before and after the Celtic invasions. Iron was almost certainly introduced by the later Celtic immigrants ; from 400 B.C. iron swords with bronze hilts are found, but bronze survives contemporaneously during the next century. A very high level of art was reached, and the workmanship was excellent. Enamelling was also understood, trappings and helmets being sometimes of enamelled bronze. Bronze mirrors were also used.

CELTIC CIVILISATION.—The Celts were well skilled in the textile arts ; the chiefs at least had fine clothing, plenty of ornaments, and decent weapons. The Celts had beneath them subject races of Neolithic

## 4 TRACES OF EARLY CIVILISATION

descent so numerous that sometimes they gave their character to the whole race, and these lower peoples still continued in many ways primitive. The population remained chiefly pastoral, especially up-country and in the hilly districts, but in the south-east Cæsar captured supplies of corn sufficient to feed 12,000 men for a fortnight. This proves that, in Kent at any rate, agriculture had reached a comparatively high standard. Cæsar was impressed by the numbers of cattle and the thickness of the population, but in the north-west the country was more wooded and barbarous than in the parts he visited. Pliny the Elder tells us that in Britain and Gaul the Celts used a sort of reaping machine, and also understood how to marl their fields for the purpose of manuring them. This proves a state of settled agriculture.

LAND TENURE.—The land was owned tribally, not by individuals, though it might be considered as the property of the chief himself, who in any case could assign to each individual his share. In the south and east something like individual ownership existed. The chiefs' houses were real houses—halls built of timber. Probably the Anglo-Roman villas were built on the plan of the old Celtic houses, because the type found in Gaul and Britain is different from that in Italy.

MINING AND TRADE.—We find evidence of iron, tin, and copper-mining, and of considerable trade before the Roman occupation, while there were pre-Roman routes, if not roads, which in many cases the Romans followed and improved. There were big villages, whose names have in some cases survived: *e.g.* London is a Celtic name.

THE INFLUENCE OF ROME BEFORE 43 A.D.—Britain



and Gaul were closely connected, so the Romanisation of Gaul had spread to England before A.D. 43, when their conquest of the island began. A coinage had been minted in England before the invasion of Cæsar ; coins of Philip of Macedon were in existence, and had been roughly copied. Before A.D. 43 inscriptions on coins were in Latin, which began to be used as the official language even before the country was properly subjugated.

**THE ROMAN CONQUEST OF BRITAIN.**—The south-east was conquered in four years, and the lowland parts were easily held without permanent garrisons ; there were no forts built in this part of the country until the fourth century, when they were required for defence against the Saxons. Wales, on the other hand, was not conquered until A.D. 78, and then not satisfactorily, while east Yorkshire and Lancashire gave trouble as late as A.D. 200. The provinces first and most easily conquered were organised as civil districts, whereas the others were administered by the military authority. The district east of Cornwall and Wales as far north as Chester was under civil government, as also was Yorkshire.

**MILITARY OCCUPATION.**—All the country north of Chester and east of the line of the Pennines was military. Legions maintained permanent headquarters. The sixth legion at York formed the base of the garrison of the wall and held the Pennines ; the ninth legion, with its headquarters at Chester, held down Wales and helped to police the Pennines ; while the second legion at Isca in Monmouth covered South Wales and Cornwall.

**ROMAN ROADS.**—The roads in military districts were military, and in these parts the economic effect of

## 6 TRACES OF EARLY CIVILISATION

the occupation was slight. Celtic life continued, and nowhere in this country was the Romanisation so complete as it was in Gaul. Latin had a great effect on the language of the people, but did not entirely replace it except in the south-east, where the towns at least became Latin-speaking.

The Roman roads correspond very roughly with the main lines of our modern railways, a fact which shows the eye of the Roman for the lie of the land. In England, especially in the military provinces, there are few Roman roads of the first class ; but in the east they formed the main lines of communication for centuries. Draining and dyking to keep out the sea was also undertaken. The embankments at Romney Marsh, at Lincoln and the Wash are Roman.

EARLY TOWNS.—There were only four towns of the first rank—Colchester, Lincoln, Gloucester, and York, which were *coloniæ* ; while Verulanium was probably a *municipium* (of second rank). Exeter, Leicester, Silchester, Rochester, and Canterbury were also towns, but of lesser size and importance. The large towns were partially peopled by time-expired soldiers. In a highly developed province they were the centres of administration for the country, but this was not the case in England. Neither was centuriation \* generally

\* When a country had been conquered by the Romans and its roads surveyed, selected areas were parcelled out to those Roman freemen who merited reward for military service. The land was surveyed by the *agrimensores*, who, after plotting the roads at intervals, set off squares of about one and a quarter miles (*possessæ*). These squares were outlined by four public ways and divided into twenty-eight divisions of about thirty acres each, approximately the Saxon "virgate." The total area of each block was about 810 acres, of which some 782 acres were cultivated, the remainder being occupied by by-roads and trackways. Each plot or division of

adopted here, though we have evidence of it in one or two of the Home Counties.

AGRICULTURE AND SERFDOM. — The economic arrangements which had existed between the Celtic landowner and his peasants were not greatly changed ; but more corn was grown, vegetables and trees were introduced, and the breeds of animals were improved.

Concerning the methods of agriculture and the exact relations between owner and cultivator our information is only scanty. The cultivated land which came under the control of the owner of a villa was of two kinds. One part was cultivated by slaves ; the other was held not by real slaves, but by semi-free persons bound to the land. Some free families also existed. Towards the end of the Roman occupation the proportion of serfs increased ; there were always plenty of slaves in domestic employment, but their use on the land gradually declined. In England the serfs were probably a large majority, and probably not all England was cut up into villa estates.\* In short, the Celtic arrangements continued, but they were tempered by Roman law. In the part of England which was previously only pastoral, agriculture spread but gradually. The

thirty acres contained, in Roman measure, about 100 square *actus*. Hence the name "*centuria*." Distinct traces of the system appear to have been discovered in Sussex along the Stane Street, in Bucks, Hertford, and Essex. Mr. Montagu Sharpe considers it proved that the whole of Middlesex was thus divided.

\* *The Roman Villa* consisted of one large demesne, with the central dwelling of the owner and its outbuildings. This estate was worked by slaves under supervision of a *villicus*. Around it were the plots of the *coloni*, who were free men, but under general subjection to the owner of the villa, the latter being responsible for the taxes. They also probably owed him some sort of agricultural service.

## 8 TRACES OF EARLY CIVILISATION

proportion of arable land was very small ; consequently ownership was less fully defined and cultivation was mainly co-operative and communistic. We must not forget that the Roman occupation lasted over 300 years—a very long period, during which many changes had time to take place. Celtic art and Celtic types of pottery were killed by competition with Roman products imported from the Continent or made in this country.

## CHAPTER II

### THE SAXON AND DANISH INVASIONS AND THEIR RESULTS

**EARLIEST RECORDS OF BRITAIN.**—For the economic condition of our English ancestors we have the evidence of Roman writers and a mass of archæological evidence, together with the early literature of the nation which reflects the social life of the Conquest period. The narrative of the conquest which is usually accepted is that handed down to us by Bede.

**THE ANGLES AND THE SAXONS.**—The Angli came from a district known as Angeln on the east coast of Denmark, while the Saxons, first mentioned in the second century by classical writers, are placed by Ptolemy on the west side of the Danish peninsula. In later times the name Saxon was applied to all tribes belonging to the region round the mouth of the Elbe. These tribes in the fourth century became notable pirates and raided the coasts of Gaul and Britain, calling into being the Roman officer named “Comes litoris Saxonici.”

The difference between the Angles and Saxons was not great, but probably the Angles before the invasion of England had conquered the Saxons, and had assumed the authority of a ruling class over their subjugated neighbours. Without doubt there were among the

invaders members of other German tribes, attracted by the hope of plunder.

Cæsar described the Germans as nomadic ; but the Germans whom he knew lived along the Rhine and in Switzerland, and were at that time on the move. This does not prove that they were always on the move ; indeed, the country from which they came was not suitable for nomads. These migratory habits are clearly exaggerated by Tacitus and others. As a matter of fact, the value of Tacitus as an authority has been much overrated : his accounts are not weighty and his text is uncertain.

SAXON AGRICULTURE.—Saxon agriculture was probably of the same nature as that of the less civilised parts of Celtic Britain. This is usually the case when population is thin, or agriculture is in its earliest stages : but as a population increases, so does personal liberty become circumscribed. Probably the system of allotting to cultivators scattered strips in the common fields came from Germany ; and perhaps it is to be attributed to a desire for fair distribution. As fresh land was brought under the plough by common effort, each villager would also enjoy rights of pasture and woodcutting on the waste. This theory holds good equally, whether the cultivators were free men or subjects of a lord.

SAXON SLAVES AND SERFS.—The original Germans were probably free men, but there was a considerable servile population also. Tacitus describes two types of slaves, of which one was a sort of serf, for he had his own little establishment and paid rents in kind to his master. He gives us the impression that this class was numerous. Possibly they were a race conquered by the

Teutonic peoples. We know that there were chiefs who had a following of fighting men, that a great gap existed between the chief and the ordinary warrior, and another between him and the serf. There were thus marked distinctions of class among the Saxon invaders. There can be no doubt that in later days much wealth was derived from piracy, but then, throughout the Middle Ages and even later, piracy and trade were strangely intermixed.

EXTENT OF CIVILISATION.—The Saxons before their invasion of England were quite familiar with coined money, but they did not coin it themselves, and probably used it solely for ornament. They undoubtedly were accustomed to barter; this is proved by the trade in amber, for amber which must have come from the Baltic is found in the Mediterranean countries. Indeed, some sort of trade must have existed from prehistoric times. Writing was known to them: Runic inscriptions have been found in the North of earlier date than the invasion: these are now thought to have been a modification of Greek or Latin alphabets which had somehow drifted up thither.

CAUSES OF INVASION.—The invasion of England *may* have been caused by an increase of population in Germany, added to the attraction which a rich country exercised on a nation of pirates; but on the whole the cause was probably not economic. The date of Saxon raids coincides with the inroads of the Huns, and possibly their pressure on Germany *may* have given the impulse to oversea settlement (449?).

GRADUAL PROCESS OF CONQUEST.—The old stories of the conquest are now discredited: but we know that it was very gradual indeed. What the Romans

conquered in four years took the Saxons more than 150 to master—Gloucester was not occupied until 577 nor Chester before 607. The East Coast had been completely ravaged before the conquest, the population had withdrawn, and the pirates must have gained their first footing easily. After this there was a long stubborn war, during which the inhabitants withdrew step by step. Thus there would be a wide frontier—a belt of no man's land—between the two races, and the whole country must in the course of time have been subjected to this devastating process. The Celts fell back slowly: many went to Brittany, which became a stronghold of their race.

Christianity disappeared in the East, the language retained few Celtic elements, and the law was purely Teutonic. Some few towns were utterly destroyed: the rest fell gradually into decay. It was in the parts that had been most completely Romanised that the destruction was most complete.

**CELTIC REMAINS.**—In what remains of the pagan period we find little evidence of Celtic influence. A Saxon pagan grave often contains articles of Saxon work, but very seldom Roman-Celtic types. Attempts have indeed been made to show that Anglo-Saxon institutions were descended from Roman, but in no case is the proof conclusive. In the English village community, Seeböhm seeks to establish a connection between the manor and the villa, and tries to identify English place names in "ham" as villas taken over by the Saxons.\* The attempt at proof, however, is a

\* Seeböhm holds that the Saxon village owes its chief features to the Roman villa, from which, therefore, he considers the mediæval manor to be directly descended.



failure—the form “ham” (heim) is quite common in districts which the Romans never visited. The theory may be partly true ; but we do not know.

As we go further west, an increasing Celtic element is perceptible, due possibly to the milder treatment meted out to the conquered people after the conversion. The laws of Ine, King of Wessex 690, make provision for “Welsh” landowners in his country as well as for peasants and royal servants of that nationality, and there are Celtic traces in the dialects of Cheshire, Lancashire, and Cumberland. In central England there is some evidence that the Celts held out in the stronger positions, such as the Pennines, and the fen district of Cambridgeshire. In the ninth century there was a penalty in this part of the country for killing a Welshman : this is direct evidence that Celts must have existed. Even in the east there is some trace of the Celt : he may have been a slave ; in the poems of Cainwulf (seventh and eighth centuries) there are frequent references to the Welsh slave woman, and the dark Welsh herdsman. Similarly there were Celtic people in Northumbria. Nevertheless the Celtic element was not strong enough to make itself felt except in the west.

The Saxons brought their own women with them : had they intermarried extensively with Celts the language would have been more affected than it was ; still, there were considerable numbers of Celtic slaves.

The general conclusion is that the conquest destroyed Roman civilisation, but that a considerable strain of Welsh or Celtic blood survived in the country.

THE SAXON SETTLEMENTS.—Economic changes during the period 500–1066 were slight. England was

almost entirely rural. The conquerors settled first in villages along the rivers and in the cleared areas; later they pushed into the more difficult parts and cleared them. The settlements were solid, compact villages; for the English were from the start an agricultural race. Settlements of pastoral people are never so permanent or so closely built as those of agricultural people.

THE VILLAGES.\*—Reasons—other than this—for the compact villages are to be found in the fact that the settlers were conquerors, who subsequently fought one another. The fields undercultivation became permanent in England at an early date: they were of course open, and divided into rough parallelograms, called "shotts" or "furlongs" (in Lincolnshire "wongs"), somewhat after the fashion of the Latin "cultura."† These shotts were divided into strips.

THE FIELDS.—At first there were only two of these great fields; later their number was three. Under the two-field system one field lay fallow while the other

\* The earliest Saxon villages were no doubt tribal, the higher tenants tracing descent from the chieftain's family. There was an inferior cottar class, which was paid for its labour in kind and in land, but whose share of the land was small. In the eastern area many villages had several tenants-in-chief rather than one.

The tendency was always towards the aggrandisement of one individual or family, and so the system of overlords spread steadily. The typical village community therefore consisted of the thane or overlord, the socmen or free landholders, the villeins, tenants owing service and bound to the soil (?), the cottars, practically labourers (one day a week free). Some villeins held part of the demesne as tenants for rent.

The later manor presented much the same features, but many new ones were created, and the lord's power grew. In many cases the lord was an absentee.

† See note on Centuriation, p. 6.

was cropped; under the three-field system one lay fallow and two were cropped. There were many variants of this system, but the main practice was always the same. Every cottage in the village had its "toft" or farmyard. Meadowland or permanent pasture, *e.g.* along river banks, was very valuable in those times, and every one had the right to turn cattle on to the stubble in the common fields.

Primitive people all over the world have points of likeness in their early agricultural efforts.

NATURE AND SIZE OF HOLDINGS.—In the time of Bede (730) the phrase "the land of a family" was a well-known descriptive unit: *e.g.* the Isle of Wight was land for 1200 families. Thus it may be surmised that the amount was more or less definite, and it probably corresponded with the Hiwscipe or "Hide." In the time of Domesday the traditional size of a hide was 120 acres. The original conception of an acre was the amount of land that one team of oxen could plough in a day, and it is now a piece of land 22 by 220 yards; 220 yards is a furlong or furrow-long. A "yardland" was a holding made up in quarters of an acre and was about a quarter of a typical 120 acre holding. It was often the size of the holding of a mediæval villen. There is no reason to suppose that the state of affairs in (say) 1100 was as primitive as that of 700–800; and this view is supported by the fact that the yardland was a derivative holding, *i.e.* made out of the break-up of an old one.

SLAVE, SERF, AND FREE CULTIVATION.—We know that the serf and the slave were in existence from the beginning, and we also see that the conquerors, especially in the west, had had opportunities of settling the Celts

on the land as a subject race. The Anglo-Saxon, however, tilled the soil himself, and the free cultivator was a normal feature of early English society. His exact legal position is not a matter of such importance as it appears: free, serf, and slave probably existed side by side, with an increasing tendency to serfdom.

ANGLO-SAXON GOVERNMENT.—Anglo-Saxon government from the seventh to the eleventh centuries was strong and efficient as compared with other Governments of that period.

POWERS OF THE KING.—The king had extensive rights over his people, but it is improbable that he was regarded as the owner of the land. The family, not the individual, was the unit for landholding, and land was held by customary or folk right. It is recorded that on the Continent barbarian invaders found Imperial domains in some places, but there is no evidence to show whether they did so in England. The Saxons certainly had no acquaintance with Roman law until after their conversion to Christianity. Teutonic chiefs rewarded their followers with land or with rights over land. In documents that we possess the grantor seems sometimes to be giving actual estates which are his own private property; in other cases he appears to be giving unoccupied territory, sometimes on condition that the recipient shall get it colonised. He made regulations for the thegns to whom he had made such grants. (The thegn was a conditional owner; if he did not conform to the conditions of the grant it reverted to the giver.) Most commonly, however, he granted land apparently peopled by freemen, *i.e.* he gave away the general royal rights over the land, rather than the land

itself. These rights were numerous, including the right to be fed, together with his retinue.

FOLKLAND AND BOOKLAND.—“Folkland” was land held by customary right, while “Bookland” was land held by a charter of possession with ecclesiastical sanction. A holder of bocland could not evict a subtenant whose tenure was based on folk-right. The earliest examples of gifts in perpetuity seem to have been made to the Church, which also introduced the power of bequeathing by will. Modern conceptions of land ownership established themselves slowly, and it was only in the later Anglo-Saxon kingdom that indications of feudalism began to appear.

MONEY AND COINAGE.—The use of money was probably understood from the beginning, for a regular system of penalties assessed in terms of money existed from about 600, though most actual payments were made in goods. The earliest coins extant appear to date from the sixth century. Whether the designs were original is in some cases uncertain, and the exact date of coins struck before 750 cannot be definitely fixed. About 750 for the first time appeared the silver penny of Offa, the coin of the Middle Ages: in this case Offa seemed to have been imitating the silver penny of Pippin, but the design was original. There has also been found an imitation of an Arabic coin, struck in England between 750 and 800. From this time forward coins were struck in great abundance: mints sprang up all over the country, and the king made good profits from coining.

ORIGIN OF TAXATION.—Taxation originated from the immemorial right of the king to live upon his people. A chief would also levy blackmail on goods

passing through his country : hence arose the idea of customs. The sources of royal revenue in the period between 866 and 1066 were various. The king had many customary rights, including the right of purveyance—*i.e.* of requisitioning food, horses and carts, and quartering his men on the inhabitants. There was a land tax of a sort called Land Gafol, which certainly existed before the Conquest. Other miscellaneous sources included levies and tolls all over the kingdom, the proceeds of the administration of justice, and the profits of coinage. Danegeld was in the first instance an extraordinary levy, but later it became a fairly regular source of income. It was never an annual impost, but was raised from time to time, and was so heavy that it permanently affected the position of the free cultivator. The amount to be paid by the county was fixed : local assessment for hundred and village was made by the shire authorities, and no doubt some districts were taxed much too heavily. This action of the Government had a tendency to depress a certain part of the population.

BUILDINGS AND TOWNS.—The western towns kept up some sort of communication with Brittany and Ireland, and it is to the western cities also that we must look for any continuity of Roman institutions. In the east it was very different : *e.g.* at Colchester the old "colonia" quite vanished, and the place emerged in the Middle Ages as a characteristic Teutonic-looking settlement. If the tradition of Roman architecture survived anywhere we should expect it to have done so in South Wales. But here nothing but timber was used for building till some centuries later : in fact, brickwork remained a lost art everywhere in England

till the fifteenth century, while stonework also nearly died out, but was reintroduced. The Teutons regarded Roman buildings with childish wonder.

We have seen that the Christianity of the towns disappeared : names too were changed, and were often much distorted. However, the sites of Roman towns were generally too good to be left unoccupied. Mediæval cities frequently arose around monasteries or shrines, as at Bury St. Edmunds and Peterborough, while the establishment of a market often caused a town to grow up. The county towns of the east Midlands are directly descended from Saxon fortifications deliberately made during the reconquest of the Danelagh. The Danes quickened municipal life, but dedication of churches to Danish saints like St. Magnus and St. Olaf is sometimes the only sign of Danish influence.

We know little of the internal life of the towns. All of them were semi-rural, and there was little manufacture : the bigger, however, did contain a purely mercantile element as well as a number of artisans.

GUILDS AND THEIR OBJECTS.—There were guilds in Saxon England, but they were of a miscellaneous character, and there is little evidence of any with purely economic ideas or purposes. There was one at Cambridge consisting of thegns and cnihts. Now thegn is the equivalent of knight, and the cniht is an esquire (?) or follower of some sort : therefore the Cambridge guild evidently did not trade, but was an association of the fighting men of the borough.

Guilds were sometimes associations for pursuing robbers. That which existed at Exeter met these times a year : each brother had to supply two measurer of malt ; each lesser man one of malt and one of honey,

and masses were said for dead brethren. When the king wished to go to war each man had to contribute 5*d.*; when a brother's house was burnt down, each man contributed a penny (house insurance!). This particular example was not a trading guild, whatever it was. But it is probable that earlier associations for other purposes gradually developed into societies for trading.

STAGNATION OF COMMERCE DUE TO LACK OF COMMUNICATIONS.—Agricultural activity cannot produce more than a large, perhaps a fortified, village. A real town must have commercial communications, and commerce at this time was almost at a standstill, for travelling was a matter of great difficulty. Alfred decreed that if a merchant found his company was not large enough for safety, he was to apply to the king for an escort. This suggests both the dangers and difficulties of travelling and the small numbers of the merchant class. What commerce existed was mostly carried on by sea, but from 600 to 800 there were no long-distance voyages: men crossed the Channel, but no more. The spirit of adventure appears only in pilgrimages and missionary journeys, like those of Boniface in Germany. Enterprise was more religious than commercial.

THE DANES: THEIR EFFECT ON TRADE.—The date always given for the first appearance of the Danes in England is 787. In 800 Ireland had already been partly colonised by them. In 862 they founded the kingdom of Russia: they also settled in Iceland and reached Greenland; and before 1000 they had discovered America, touching at Labrador and Virginia. Although they did great damage they ultimately caused



a great increase in commerce, which expanded considerably in the tenth and eleventh centuries.

Aelfric's dialogue, which consists of interlineations of Latin and Anglo-Saxon, gives us a popular picture of merchants in Saxon times. They imported pitch and dried fish, but chiefly luxuries for the rich. Precious cargoes were the staple of the merchants—silk, purple, ivory, brass, gems, and spices. Exports were corn and beer to Scandinavia and Iceland; and there was also a trade in slaves to and from Bristol. Other probable exports were cattle and horses, copper and lead, and a little cheese.

The only necessary commodities which the Saxon peasant could not get at home were salt and iron.

EARLY ARTS AND CRAFTS.—Arts were almost in abeyance during the Saxon period. The development of civilisation was retarded by the Danish invasions, owing to which the country fell back between 750 and 900; so that in the days of the Confessor the level of culture was hardly higher than in the days of Bede (770). Nevertheless, the Danes became great builders of churches and monasteries, which were the homes of such arts as existed. England was famed for church embroidery as early as the eighth century; plate was made, and manuscripts were illuminated.

We have two documents showing the extent of specialisation in arts—Aelfric's dialogue (mentioned above) and another called "the Reeve." Examples of specialised craftsmen are the leather worker, baker, cook, smith, goldsmith, brazier, and carpenter, who is called the tree-wright: to these "the Reeve" adds the lead-worker and the millwright. The last named is interesting, as very little progress took place in this

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trade from this time till 1760. These craftsmen, however, all lived partly by agriculture, and there were not many of them: they existed mostly on the larger estates and in the towns. There is very little trace of the "wage-earner" in the Anglo-Saxon period. Any floating population was easily and quickly absorbed, for estate owners were always pleased to get new hands, and it was not very safe to be a landless man, such an one usually became a thief or an outlaw. Emancipation of slaves constantly went on, and the emancipated slave became a serf. In Domesday Book, however, there were still slaves who were usually the lord's ploughmen.

## CHAPTER III

### THE NORMANS AND THE NEW SYSTEM THEY INTRODUCED

RESULTS OF THE NORMAN CONQUEST.—After the Norman Conquest the kings of England kept far better order than any others in Europe. The Conquest itself had not been very destructive, except in Yorkshire : moreover, the amount of damage done in making the New Forest has been ridiculously exaggerated. Those who suffered were the larger Anglo-Saxon landlords, who were turned out almost to a man. In Essex every large landowner was removed. No doubt also the free farmers sank in the social scale, for the Normans were hard masters and squeezed the country.

Normandy, on the other hand, was very advanced in its methods ; there were no serfs there who were obliged to contribute several days a week of compulsory labour : so it need not surprise us to find that by 1215 the real slave had become extremely rare in England, owing probably to the spread of Norman ideas. The three-field system also became much commoner after the Conquest, whence it may be inferred that the invader, if greedy, was a progressive landlord. A large number of castles and churches were built during this period, and while the raising of funds for these objects no doubt caused oppression, it was a sign of a more civilised style of living.

The Normans were in much closer touch with the continental Church than the Anglo-Saxons had been. They introduced the great monastic orders ; notably the Cistercians, who brought into cultivation much waste land, and subsequently became great business men and wool growers. The invading army was not entirely Norman ; it was recruited partly from cosmopolitan adventurers, among whom were many Flemings. Flemish craftsmen followed, and closer relations were thereby formed with the low countries. Commercial activity was increasing in the eleventh century, and was stimulated in the twelfth by the Crusades, in which the Normans took a leading part. The city communes of Flanders and Normandy had already attained some measure of self-government, and no doubt the idea of freer institutions spread from them to the towns of England.

DOMESDAY BOOK.—That unique document, the Domesday Book, contains most valuable information about the economic condition of the country, but it is full of pitfalls. Its compilation would have been impossible in any but a conquered country, for it gives an absolutely thorough survey, even judged by present-day standards. It was compiled to gauge the taxable value of the country, particularly as regards Danegeld, and to show the relations between different classes of society. Irrelevant information is left out. The existence of a church is not reported unless it has attached to it glebe land, which can be taxed. It covers all England except Northumberland, Durham, and part of Cumberland and Westmorland. Lancashire as a county was not yet in existence, so North Lincs is described with Yorkshire, South Lincs with Cheshire.

The other counties are described in detail as they now exist, and the great majority of present-day villages are to be found. The book is divided into two parts, called Great and Little Domesday: Little Domesday describes Norfolk, Suffolk, and Essex; and Great Domesday the rest of England: the former is more detailed, but the latter is much more clear. We have also a copy of a county report, a condensed form of which is found in the book itself.

The procedure of the survey was something of the following nature. In each hundred a jury was selected to give information on oath, after which the commissioners reported. Two sets of commissioners were sent down—the second to check the reports of the first. The reports were condensed and arranged in one complete book. The compilers after dealing with East Anglia found they were introducing too much detail, and so gave the rest less fully (this accounts for the titles “Great” and “Little” Domesday). The clerks were probably Italians, as they are sometimes careless in their use of Saxon words. This causes much confusion, for technical terms are in some cases used without their proper significance.

DECLINE OF THE FREEHOLDER.—Before the conquest the connection between the aristocracy and the villagers varied greatly according to different circumstances and different localities; and many men were attached to their lords by personal bonds alone. As we have said, the conquest depressed the condition of many of these freeholders, and thus between the Confessor's time and the compilation of Domesday we find that the socmen of Herts and of Cambridge declined considerably in numbers. Under Edward there were 900 in

Cambridge and 195 in Herts : whereas under William there were no more than 200 and 20 respectively. The residue had presumably fallen in the social scale.\*

THE DOMESDAY "MANOR."—The "manor" mentioned in Domesday is not the manor of the later Middle Ages, for the word is not used with the same meaning. It is a vague term, at one time denoting a compact agricultural estate—a manor of the later mediæval type—and at another merely an area owned by a single lord. Manors varied enormously in size ; from forty or fifty acres in Somerset and thirty in Sussex to really big estates, particularly where they were the property of the Church.

THE HIDE.—The "hide" was a unit of assessment (not a unit of size), and was divided into four "virgates." A virgate was supposed to be a piece of land cultivable by two oxen, and thus an "ox" was equivalent to one-eighth of a hide. When we find such expressions as "Ibi est semi-ox"—the phrase means "there is half a virgate"—no allusion to the animal is intended. "Carucate" and "bovate" are similar terms expressing the same idea ; and Kent again has its own terminology. There instead of the hide we have the "sulung" divided into four yokes. Sometimes in Domesday expressions occur which make quite clear this difference between assessment and size. "Geld is paid for twelve hides, but there is land for only eight ploughs." In this case the land has evidently been over assessed and the "eight ploughs" is an attempt to estimate the arable value of the land, not its area.

\* Domesday records 9300 tenants-in-chief, 35,000 socmen or free tenants, 108,500 villeins (freemen owing service), 80,000 cottars, 25,000 slaves. Total 257,800. Add women and children.

**SOCIETY OF THE MANOR : SLAVES.**—At the bottom of society were the slaves; These were most numerous in the western counties, but apparently the lord, even in cases where he did not own other slaves, kept one as a demesne ploughman ; for though originally most of the lord's ploughland consisted of strips scattered up and down the common fields, he was always trying to consolidate his demesne into a single compact holding.

**COTTARS.**—Next above the slaves came the cottars or bordars. The two terms are synonymous, "bordarius" being a Norman word which never became acclimatised and rapidly disappeared. These formed the lower class of serfs, and were probably often freed slaves : they held a few acres, and performed services for the lord. They did not always hold land in the big common fields.

**VILLEINS.**—The most important class of villager was the villein, and a consequence of this was that in later times the term was applied comprehensively to all servile tenants. It is first used in Domesday, and the Saxon word, of which "villanus" is a rough translation, merely means "townsman." The men called villani were typical villagers. The smallest holding held by one of them was about 30 acres, and many held up to 60, 70, or even 120 acres. The normal holding, however, was from 30-48 acres. We find that after the conquest the lords opposed any further subdivision. It is clear that the men who held 120 acres would have to employ outside labour to cultivate it, so perhaps the cottars sometimes worked for the richer villeins. The villein probably owned some plough animals.

It is by no means certain that the "villanus" was legally tied to the soil before the Conquest. We know that *some* were not, but cannot tell what proportion. After the Conquest they were regarded as bound to the soil, but no doubt the term villein included persons in widely different circumstances.

**SOCMEN.**—Lastly we read of the socmen (or soke-men) and the so-called free men. Neither of these classes was very numerous; they had undoubtedly been largely reduced by the Conquest. Freemen often held their land on servile tenure, but were not regarded legally as serfs. Economically they were not very different from prosperous villeins, though legally they differed in status.

**LANDOWNERS.**—The landowners were new people almost to a man. Before the Conquest much land had been held in small parcels, but scores of small gentry or big free farmers had been turned out to make room for the estate of one Norman.

**ADOPTION OF THE COMMON LAW IN ENGLAND.**—The next 200 years (1100-1300) saw the growth and universal adoption of the Common Law, so that before the end of the thirteenth century England's system of law was uniform—a state of affairs significantly different from that prevailing on the Continent. No other country developed a general economic policy as early as England, and from the time of Edward I. there was never any danger that the country would break up into feudal lordships.\*

\* Beside the ancient courts of shire and hundred there grew up after the Conquest certain feudal courts. The principle of these was that each lord had a right to hold a court of and for his tenants, and this court the tenants (freeholders) were bound to attend ("suit of court").

(a) "The Court Baron."—It was held roughly every three weeks,



## SOURCES OF INFORMATION ABOUT RURAL CONDITIONS.

—We have an increasing number of actual surveys to help us in estimating the conditions of country life from 1100 to 1300. After Domesday the great landowners and the Church systematically surveyed their own property, and many of these records have come down to us intact, particularly those of the abbeys. They give us from one standpoint a very full account of the land at the time of the survey; they also throw a good deal of light on disputed points, and supply details. In the thirteenth century, too, begin the rolls of the manorial courts and accounts of transactions by the bailiffs. We have not many of these before the fourteenth century; but still there are some, and they are very amusing and instructive. Accounts kept by bailiffs were wonderfully detailed; every tiny payment was recorded in bad Latin—there must have been widespread knowledge of Latin of a sort. From 1200 we have the national records, in which every financial transaction of the Crown was recorded. Constant confiscations occurred (escheat rolls), accounts

and in it were tried all claims to land held of the manor; the lord and his freeholders were the judges. "The freeholder there gets the judgment of his peers." (Maitland connects the words *sokemen* and *socager* with "suit of court," "*debent sectam ad curiam manerii*.")

(b) "The Customary Court."—This was also a distinct court for "tenants in villeinage." It was presided over by the lord's steward, and in it were effected all transfers of land held in villeinage. These transfers were registered on the court roll and "copies" given to the tenants, hence "copyholder."

(c) "The Court Leet."—Either by royal grant or ancient usurpation many lords exercised a share of police and criminal jurisdiction, limited, however, to the cognisance of misdemeanours. The existence of these private courts trenched on the powers of the royal courts; hence repeated attempts to extinguish them by writs of "*quo warranto*," *e.g.* 1278. (Maitland, "*C. H.*," p. 46 ff.).

were kept of the management of the lands of minors, while inquests, *i.e.* inquiries, were frequently held. The hundred rolls also tell us much.

In the thirteenth century people began to write agricultural treatises. In 1250 Walter of Henley wrote a treatise on husbandry, in which he gave an elaborate account of the two- and three-field systems. The two-field system was still quite common in his day, but the three-field system was making headway.

THE LANDLORD'S DOMAIN AND CROPS.—The lord's demesne was now becoming consolidated, the enclosed land tending to increase at the expense of the strips held in the village fields. On this demesne land the capacity of the soil was more fully utilised, *e.g.* in a Norfolk manor we find that on the demesne 250 out of 300 acres were cultivated, a great advance on the general village system. The bulk of the lord's lands, however, were still scattered about the common fields.

The crops were wheat, oats, rye, and barley, the proportions of which varied in different counties. The barley was used for beer. Peas and such things were sometimes grown, but turnips and other root crops were not known. The amount of wheat taken off an acre in (say) 1250 was between five and ten bushels.\* The nearest modern parallel to this is in Russia, where the average is seven to eight bushels. Land was very cheap in proportion to the amount of corn that could be got off it, for a quarter of wheat was worth more than an acre of land.

THE ORGANISATION OF A MANOR.—From 1100-1300 the manorial system was at its height and generally

\* The present average is thirty-one bushels.

speaking each village was a manor ; even so, there were sometimes manors less than villages. In these cases there was a village organisation independent of and older than the manorial system. As the mediæval landlord often had many manors, he generally needed a seneschal, perhaps a lawyer, who travelled about holding the manorial courts and exercising general supervision. Under the seneschal every manor had its bailiff (sometimes a villein), who saw that the villeins paid their rent and performed their services. Then there was the reeve, who was a villein. Men served in rotation in this capacity ; the bailiff put pressure on the reeve, who in turn passed it on to the tenants. Curious small officials such as " haywards " also crop up. Such small offices were imposed on villeins, who were relieved of other services in exchange.

THE VILLAGE HALL AND PEASANTS' HUTS.—The village contained a hall where the lord or his representative lived. This contained two rooms—the hall itself and a room whither the lord's family might withdraw—and a stable in addition to these. The peasants lived in huts of timber, or timber and mud, and there was a general prevalence of uncleanness, accentuated by dung heaps and piles of refuse. Furniture was confined to a few wooden stools and platters. That the huts were not very solid may be seen from the following bill, " To carpenter making a new house for swineherd and shepherd, 5s. 8d." This sum was the price of a quarter of wheat at that time, representing about 35s. in modern money [since the war *more*].

POSITION OF TENANTS.—The economic distinction between the free and semi-free is very hard to trace : for example, we have records of cases to decide whether

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A. B. was or was not a freeman, which is fairly strong evidence that the distinction was somewhat vague. Often unfree men were better off than free; villeins on the original Crown lands were very well off compared with the others. On the whole, by the time of Edward I. we find far more freemen than in 1086, but whether the difference was quite real is not certain, because the Domesday compilers used the word "villein" so loosely. By this time "villein" included all unfree persons, and there might be much more difference between villeins of different kinds than between many villeins and many free men.

SIZE OF HOLDINGS.—The average holding was usually a virgate (26–32 acres), but bigger holdings occasionally existed, of forty, fifty, or even sixty acres.

SERVICES.—The services of the average villein were made much more onerous in the period between 1100 and 1250. This may have been the result of the disappearance of actual slavery, which was practically complete by 1250. Probably the lord got a little more work out of each villein to make up the difference.

A DETAILED EXAMPLE OF SERVICE.—Services were involved and complicated, as may be seen by an example. This was the service due by a man holding a virgate in Huntingdonshire: He worked for the lord on Monday and Wednesday and ploughed for him on Friday. Between the 29th of September and the 11th of November he must plough and harrow half an acre and supply seed, for which one day's work was excused. At Christmas he had to provide three hens and a cock, and at Easter ten eggs. Six times a year he was bound to turn out to do carrying service anywhere in the county, and at harvest time he had to

come to work with his family (Boon days). He had holidays from week-work at Christmas for a fortnight, at Easter, and at Whitsuntide. Various small payments had also to be made by him, amounting to  $6\frac{1}{4}d.$  in all.

The lord fed the harvest workers on boon days, providing three bushels of corn, a ram, a cheese, salt, butter, oatmeal, and milk from the dairy.

In all manors there was an obligation to grind corn at the lord's mill, and to fold sheep on the lord's land. The villein also paid something when his daughter married; but in some cases this contribution was demanded only when she married outside the village. The villein might not sell his beasts without the lord's leave. Sometimes the tenants had to collect to drink the lord's beer at the lord's price, and occasionally he "tallaged" them just as the king tallaged him.

FREEMEN'S SERVICES.—The freeman's services were very similar in character to those of the serf. He seldom had week-work, at which he had to attend in person and put himself under the orders of the bailiff, but he often ploughed for the lord. There was nothing derogatory in service; only in uncertain service.

THE LOT OF THE VILLEINS.—As a rule the villeins did not regard their obligations as a grievance, and it was quite easy, if illegal, to escape from a manor if a man so wished. But the villeins did not run away, because there was nothing to do if they did, and because their position was not on the whole uncomfortable. Sometimes they fled to the towns, but not often. Legally they owned no property, but in practice the

holding was handed over to the heir after payment of heriot.

DECAY OF THE SYSTEM : ITS CAUSES.—Already in the thirteenth century influences were at work which gradually disintegrated the system. These were (1) a growth in population, and (2) the commutation of labour services for money.

The former necessitated bringing more land under the plough ; so either the big village fields were increased, or the waste land was enclosed in holdings and cultivated separately. After the conquest the second plan was usually adopted, and this gave greater scope to individualism. The lord was glad to get ready money, so he rented off some of his demesne land and demanded less service. Therefore when more land was enclosed, a stipulation was made for a money payment, and so it was the smaller folk in the first instance who became farmers. From this time onward there was a steady growth of small rent-paying farmers round the manor, until at last their existence caused the villeins as a class to be despised. A worker on the land who paid in money was regarded as much more of a free man than one who contributed his services.

Secondly, there arose the process of valuing and selling the services of the regular villein. The bailiff found that he did not always require the labour, and therefore he would fix a money value for a day's work. Later on the lord might commute some of the villein's services for money "in perpetuum." In addition to this, obligatory services are not always rendered with a good grace, so it might be a good thing to "sell" such services and hire others to perform them. This process had become fairly general by the thirteenth

century, especially in Kent, where there was more money and the breakdown of the primitive system had gone further than elsewhere. From this time dates the rise of the hired labourer, and the wage-earning swineherd and shepherd.

## CHAPTER IV

### URBAN DEVELOPMENT AND FOUNDATION OF THE GUILDS

BEGINNINGS OF THE TOWNS.—The importance of the towns had increased considerably by the reign of Edward I., but with the exception of London, the mediæval English town never attained the size or the independence of those on the Continent. London was far more conspicuous then than now. Its economic and political development was much more advanced than that of the rest of the country, and it stood in a class by itself. Economic development had not sufficiently advanced to permit of the growth of big towns as in Italy and Flanders, while politically the towns had always been unable to cope with the royal power.

AGRICULTURAL ELEMENTS. — All towns except London were of an agricultural character ; even London maintained its open fields till the thirteenth century. These fields, however, were quite different from those of a village ; and there were no villeins in boroughs. As a town grew, a man who had a piece of land could sell it ; thus there was a traffic in parcels of ground and the field system soon became irregular. Most of the wealthy burgesses no doubt were owners of town lands—in 1280 Henry Walleys, Lord Mayor, had several holdings in London, and land also in Boston and Berwick.



There were other sources of revenue by which a burgess could develop his prosperity. Of them the most important were commerce and the service of the Crown.

EARLY COMMERCE.—The elementary commerce of the time was almost entirely confined to luxuries and victuals. By 1200 we find several guilds connected with the trade in luxuries : that of the goldsmiths was an early one, of which the typical member would be a wholesale and retail dealer as well as a master craftsman. The trade in victuals included fish, particularly in Lent : in London the fishmonger was early a substantial personage. In London, too, there was profit in the service of the Crown on its economic side : taxes could be farmed, or contracts obtained from the mint. Walleys carried on the wine trade for the king. These sources of money making were not open to the provincial merchant.

CROWN CHARTERS.—The Crown granted charters to the towns. In most cases these grants were made to royal boroughs with a long history before the Conquest, but some lords endeavoured to foster towns on their estates and the attempt was sometimes successful. The charter therefore in a few cases brought abolition of villeinage, though in the old towns it had never existed.\*

\* In England in the twelfth century the king and many of his barons founded small towns on their demesne lands, and attracted settlers by promise of liberties such as had long existed in the towns of Normandy. Hence many of these foundations, especially numerous in north and west, received the laws of Breteuil, a small town on the Norman French border.

In the thirteenth century many royal towns were founded for purposes of defence. Such were the bastides of southern France. In England the most important foundations were New Salisbury in the reign of Henry III. (about 1220), the fortified towns of North

The sheriff was always a thorn in the side of the townsman, and the town's first object was to get rid of his financial authority. Therefore all charters have in the forefront the right of the town to farm its own taxes, and the economic importance of this clause lies in the fact that the municipal authorities got control of the markets and tolls. In some cases the town petitioned for a market or fair. Another privilege sought was freedom from other people's tolls—in some cases even as regards those claimed by the king's continental possessions. The great object was to make every one else pay your tolls and obtain for yourself freedom from theirs; but probably there was no such thing as total exemption.

THE GUILD MERCHANT.—Another common clause in such charters was a petition to establish guilds: and by the thirteenth century we can prove the existence of the guild merchant in one-third of the now important towns of England. The idea at the root of these combinations is well expressed in the following quotation, "Right to form and retain an association for the purpose of employing to the best advantage those mercantile immunities which by other words of his charter he has conferred upon them." There was no guild merchant in London or the Cinque ports, for the reason that the city was in a position to exercise all

Wales (Flint, Conway, Carnarvon, Beaumaris), and two great sea-ports, Kingston-upon-Hull, 1293, and New Winchelsea, 1288.

The attractions of the new settlements were: (1) a generous charter; (2) a town site for a house and garden with an area about 80 feet by 60 feet (or less), and a generous allotment of land outside, for all mediæval townsmen were farmers. In the Welsh boroughs none but Englishmen could be burghers. All were strongly fortified, and the constable of the castle was *ex officio* mayor.

these privileges without leave. It had reached the stage at which it secured these things before the system of granting charters was in vogue. These guilds, like those which had existed before the Conquest, had their convivial and religious as well as their commercial side.

Outside London the "merchants" were only a small proportion of the town inhabitants and the term was applied quite modestly to include all shopkeepers and handicraftsmen. There were a few bigger men, mostly in London, but even these carried on retail as well as wholesale trade: there was no distinction between the maker, the wholesale man, and the shop-keeper.

EXAMPLES OF GUILD PRIVILEGES.—The charter gave privileges to the burgesses, to share in which it was generally necessary to be a guild-brother. Examples of these guild or burgess privileges may be given. A non-brother could not retail cloth, but must sell to a guild brother: neither could he retail fish or meat. At Derby any guildsman could set his own price to any one bringing leather or wool into the town. At Reading fish might not be retailed by others till the burgesses had sold out. At Southampton the "foreigner" might not buy leather, skins, oil, mill-stones, or fish at all. The burgess could buy without toll, and only a guild member could sell without toll. The distinction between burgess and guild member is vague and varied; and how far the merchants were an oligarchy is hotly disputed. Probably in its early days the guild did include most traders, but as time went on and the town proletariat increased, no doubt control tended to fall into the hands of a clique.

MERCHANT GUILDS AND CRAFT GUILDS.—The Merchant Guild was a trading guild composed mostly

of small traders, and came into being as soon as there was enough trade to maintain it. In a small town there would be a considerable number of members, but not many of any one occupation. Later when there arose in any one place a group of people engaged in the same occupation, a Craft Guild came into being.

There were craft guilds in London as early as 1130. The first we read of was the weavers', and in 1155 there was a bakers' guild. In 1179 there was a long list of illegitimate guilds to be abolished, while those of the goldsmiths, clothworkers and pepperers were recognised as legitimate organisations. Weavers' guilds soon appeared in several other towns, *e.g.* York, Lincoln, Oxford, and Winchester.

POWER OF THE WEAVERS.—It is noticeable that the weavers formed more guilds than any other trade, and in the thirteenth century there is distinct evidence of a long struggle between the weavers' guilds and the town authorities, not only in London but also in Winchester, Oxford, Marlborough, and Beverley. The town authorities tried to crush the weavers' guilds by such measures as forbidding any member to be a freeman of the city till he abandoned the guild, and prohibiting him from selling cloth outside the town. There is, however, no evidence of conflict between craftsmen and merchants, for these grades were not distinguished as early as the thirteenth century. The members of the weavers' guild were probably of the same class of society as those of the merchant guild. From their dealings with the king we see that they were men of substance, so perhaps the real root of the opposition lay in the fact that they were foreigners—Flemings. We have no definite proof of this assumption,

but there is a considerable probability of it ; and if it were the case it would account for the hostility, and also for the fact that the weavers' guilds were not merely associations of struggling craftsmen. They were no doubt alien organisations which had secured from the Crown privileges and exemptions, and this appeared to the guild merchant an "*imperium in imperio*" which the city ought to bring under civic authority. There was jealousy of their economic activity, for leaders of London municipal life were themselves traders and wanted to secure to themselves the monopoly of mercantile organisations. Thus the whole affair seems to have been an attack by ambitious London traders upon a group of rivals who enjoyed special privileges.

TRADE GUILDS NOT INDEPENDENT.—By the end of the thirteenth century other traders in London had become numerous enough to have guilds, and had acquired the power of framing their own regulations, but the city authorities remained supreme. In other towns in the fourteenth century when the craft guilds became important they were usually subordinate to the municipal government.

DECLINE OF MERCHANT GUILDS.—The merchant guild gradually died out : in the large towns it either broke up into a number of guilds or became superfluous and blended with the town authorities. In the smaller towns it survived far longer. The craft guild movement was at its height in the fourteenth century, though in London and in some other places it began earlier.

HOW THE TRADE GUILDS WORKED.—In conclusion a couple of examples may serve to show the direction taken by the activities of the craft guilds, and their

outlook upon trade matters. The lorimers were the makers of horse trappings. Their craft forbade night work or the refurbishing of old bits "except a lady or gentleman require it." The object of this was to keep up the quality and limit the output, with a view to keeping up the price. These men were both craftsmen and shopkeepers. In 1303 the cordwainers made a terrible discovery : calfskin and dogskin had been sold as kid, and trading had taken place with people outside the city. It was the latter offence, however, which so particularly shocked the guild authorities.

## CHAPTER V

### FOREIGN TRADE : USURY, COINAGE, AND REVENUE

FOREIGN COMMERCE.—The actual commodities in which we find foreign trade being carried on were not very varied. The primitive import trade was as yet mostly in luxuries\* ; of these the wine trade with Rouen, Gascony, and the Rhine was the greatest. The shipping of wine was so common that the carrying up of the bishop's wines was a regular duty in Durham. Regular fleets brought it to England, particularly into the Thames.

IMPORTS OF VARIOUS COMMODITIES.—By the thirteenth century there were imports of a more definitely useful character, but we have no exact information on which to base any estimate of them : no trustworthy statistics exist. Even before the Conquest some useful things had come from the north, *e.g.* pitch and furs. Later we read of an import of iron from Sweden, but we have no means of discovering how large it was. Stone was also ferried across the Channel, and millstones which were made in the neighbourhood of Paris were also imported. Salt, too, came from Brittany and Poitou, as the home supply was inadequate. Wool was brought from Spain, which is very curious, seeing that wool was our most important

\* See FitzStephen's account (in *bad elegiacs*).

export. About 1300 we find a record of an import of cotton (but only for candle wicks) from South Italy and Sicily. There was a trade with Ireland in hides, in leather, and to some slight extent in corn—the abbey of Furness drew its food from that country.

TRADE IN FINISHED CLOTH.—Finished cloth came from the Low Countries, and from the beginning of the twelfth century there is evidence of an important trade in it. The assize of cloth regulating its length and quality was one of the first attempts of the Government to foster a home industry. (The Aulnager was a general superintendent of cloth.) The principal trade was in hides and wool; that of wool had always been important. Domesday explains how it grew: “In the days of King Edward there was one sheep; now there are eighty.” Bailiffs on the royal estates and members of the monastic houses—especially the Cistercians—kept large flocks of sheep. Probably the tribute to the pope was mostly exported in the shape of wool.

TRADE IN THE HANDS OF FOREIGNERS.—The traders in it (1100–1272) were largely foreigners—Flemings, Italians, and Germans. (The Italians were not known before the Conquest, but were common enough afterwards.) In 1114 we find the English weavers complaining that the foreigners bought up all the wool. As an example of their participation in our trade, we may note that there were at St. Ives men of Ghent, Douay, Ypres, Bruges, St. Omer, and Cologne, beside Spanish and Easterling merchants. It was they who introduced the idea of partnership in trade. The pope’s agents especially were keen men of



business, and in 1312, in a complaint made against people carolling in the fair, we find a mention of a firm—the Bardi.

THE JEWS AND MONEY LENDING.—The lending of money at usury was forbidden in the Middle Ages, but the prohibition was regularly evaded. As a matter of fact, 60 per cent. was by no means an uncommon rate of interest. The great financiers of the time were the Jews, who alone by their law and religion could lend money at interest in all circumstances. They were used as the king's sponge, and they were a profitable source of royal revenue. In 1194 the Crown established the exchequer of the Jews, and enforced the payment of their debts. This exchequer was carried on according to Jewish ideals, which included swearing on the law in due formality. The Jews were not only financial but intellectual intermediaries as well, for they lived with Christian and Mohammedan alike, and Islam was greatly ahead of Christendom in science, medicine, and the arts. The Jews were not precisely popular; their very knowledge was looked upon with suspicion; added to this, most people and corporations owed them money. About 1250 complaints were made that the Jews were not content, as heretofore, to live in seclusion, but had begun to buy estates. Very bitter hostility was aroused by this; so we find that by 1260 hatred of Jews was even more general than it had been before. Simon de Montfort's rising was partly anti-Semitic in character.

EXPULSION OF THE JEWS.—The Jews were turned out of Leicester during the wars, and pressure was afterwards put on Edward I. to expel them from the country, which he eventually did. Laws were made

prohibiting their occupation of lending money at interest, attempts were made to force them to take up ordinary trades, and finally (as stated above) they were expelled. In yielding to the popular feeling and renouncing this useful source of revenue Edward's aim was probably to increase his popularity. To his credit the expulsion, judged by thirteenth century standards, was gently done, though some private outrages occurred. A few Jews of course remained behind.

RISE OF THE HANSE MERCHANTS.—In the eleventh century German traders were known as the Emperor's men or the Easterlings. From 1066–1240 Köln was the chief of the German trading towns. By the thirteenth century the Hansards; as they were now called, were beginning to build up that immense power which later enabled them to deal on equal terms with kings and princes. In 1194 they received as their trading establishment the Steelyard,\* and under Henry III. further rights were established and confirmed to them. They had the right to visit all the fairs and to buy and sell in London, all city privileges notwithstanding. They were also settled at Lynn and Boston. In the thirteenth century Lübeck, Bremen, and Hamburg began to come to the front; Lübeck men are first heard of in 1238, while the charter of the men of Hamburg dates from 1266. By 1272 the Hansards were fully established over here, and indeed all round the North Sea; in Russia, Sweden, and the Low Countries. The League grew strong enough to make

\* Situated roughly on the site of the present Cannon Street Station. The German merchants residing there were free of City jurisdiction and managed their own affairs privately. They paid a rent of 2s. a year, and had also the duty of keeping Bishopsgate in repair, and apparently also of garrisoning it when called upon.

treaties and carry on war, and was by far the most powerful trading and commercial force in Europe.

EXTENSION OF HOME TRADE.—It has been noted that foreign trade and finance were almost entirely in the hands of foreigners ; nevertheless their presence tended to increase internal activity. In the thirteenth century no fewer than 3000 charters were issued, granting the right to hold fairs or markets. A market was much what it is to-day, though relatively more important. A fair was a much bigger matter involving intermunicipal and international trade. There were not many fairs, but some were of real national importance, while others exercised their influence, which was in fact considerable, only in that part of the country where they were held. They lasted several weeks, and during this time all restrictive rules were suspended. The most important fair was held at Winchester, but three others were also of first-rate importance—those of Boston, Stamford, and St. Ives. In the fourteenth century Stourbridge fair rose to first rank and superseded St. Ives.

PIE-POWDER COURT.—The amount of litigation which arose from transactions at these fairs caused a special court to be set up by the local authorities, known as the Pie-powder Court (*pieds poudrés*) ; it settled disputes with foreigners chiefly, but it also dealt with such as arose between natives during the period of the fair.

SPECIMENS OF CHARGES. — The following are examples of cases tried at St. Ives :—

A man complained that some one in front of the booths of the men of Brabant threw him into a well.

A case of "selling at the backs" was reported. This was the term applied to sales not done in open market, and was considered a serious offence.

Another complaint was lodged against a man who decamped with 9*d.* given in advance for a cure for baldness, which cure had not been carried out.

Again, A sued B who had sold him a pair of tongs; he agreed to receive 12*d.*, but having on the strength thereof been treated to a God's penny and a drink, refused to sell at the price.

Ordinary cases of assault and battery were common. William Kent was brought into court charged with lying in wait and interrupting the arrival of wool-fells at the edge of the town.

Another culprit was accused of forestalling, a favourite charge in those ages. He bought up goods on their way to the fair.

This series of records of cases tried at the fair courts is the only one in existence.

POSITION OF FOREIGN TRADER.—All through this period the foreigner required special permission from the Crown to carry on trade. In Norman times the merchant secured a personal permission, but, later, licenses for whole communities were issued. The first case of a license extended to a country as a whole was that to the men of Portugal in 1203. Under King Henry III. licenses were granted to the men of Flanders, to the men of Hainault, and to various Hanse towns. The fortieth clause of Magna Carta on the subject of "all merchants travelling freely" is not what it appears—at least special licenses continued to be given. The clause was probably a pious wish, or meant that merchants should travel as freely as they

ever had. Only occasionally do we find commercial treaties entered into with foreign towns. The Londoners made an arrangement with Amiens and two other towns to impose a retaliatory tariff on the men of Antwerp, against whom they had a grievance. Inter-municipal trade had much the same aspect as international trade to-day, and the artificial restrictions between (say) York and Cambridge were greater than those of to-day between London and New York or Hong Kong.

RECOVERY OF DEBTS.—Payment of debts was enforced by seizing the goods of any one belonging to a certain town for a bad debt incurred by any of its inhabitants. A creditor would write to the Government of the culprit for satisfaction, failing which he seized the goods of any member of his community. As between Englishmen this was abolished in 1275. "In no city or fair," runs the Act, "shall any 'foreign' person of this realm have his goods seized for any debt save his own, or one for which he has stood in pledge." As regards aliens the practice was abolished in 1354. It had already partially been broken down by the action of special charters, and this Act abolished it altogether.

EARLY COINS AND COINAGE.—In the matter of coinage no striking change took place until the time of Edward III., the silver penny remaining the standard coin. A slight amount of debasement had occurred under Stephen, but, generally speaking, the coinage policy of the kings from 1100 to 1300 was creditably honest. There was a slight tendency for the weight to diminish, for clipping of coins was very common, and there was a great temptation to take advantage of

this by making a new issue of the same reduced weight as the old; but on the whole there was no great deterioration. Clipping and false coining were classed as treason in the thirteenth century. The Anglo-Saxon right of issuing coin was widespread at first, but from 1200 it became more and more concentrated in London, directly under the eye of the Crown. It was Edward I. who finally organised the coinage. He remodelled the administration of the mint, took the control of coinage directly into his hands, appointed royal exchangers to deal with men going in and out of the country, and handed over to the company of Goldsmiths the right of assaying.

**WEIGHTS AND MEASURES.**—The mediæval Crown tried to introduce uniformity of weights and measures, and to regulate prices of staple foods—with partial success. The assizes of weights and measures and the assizes of bread and ale date back to Edward II.

**BREAD AND ALE ASSIZES.**—The assizes of bread and ale were sliding scales making the price of the loaf and the beer proportional to the prices of corn and malt. They did not regulate the actual price, but the gain of the baker or brewer. We do not know how well these scales worked, but as regards the beer at least people were constantly being charged with breaking the assize. Probably from this we may surmise that the assize of bread was also broken on occasions.

**CROWN REVENUES AND THE SHERIFFS.**—The feudal revenue was at first the most important incident in the revenues of the Crown, and from 1066 to 1280 the most important royal officials were the sheriffs, who were responsible for taxation and came up to London

twice a year with their accounts—the pipe rolls.\* We have one pipe roll for 1130, and all of them from the reign of Henry II. onwards. They contain the more important royal financial transactions. After 1250 the Crown came to rely more and more on customs duties and direct taxes which were not collected by the sheriff, and so the pipe rolls, though still important in connection with the king's private revenue, no longer deal with the main sources of public revenue. The sheriff's business was to account for the ferm of the shire as recorded in Domesday, and he was responsible for a fixed amount—hence the desire of the towns to be free from the sheriff's control. He was not only the royal official, but the royal land agent for the county. He rendered account of the fees derived from the courts of justice. Large estates in the hands of a minor were managed under his direction ; escheats through treason also caused land to revert to the Crown, but escheat was in many cases out of the sheriff's hands, for there were special escheat officers. The sheriff was also the king's wardrobe agent : he sometimes reported that he had paid away so much revenue in silk and linen for the king. He was instructed to find provision for the king's table, and was thus a poultry and provision agent.

We know how the sheriff's accounts were carried on by a little treatise entitled the "*Dialogus de scaccario*." The sheriff's money was tested by fire or, if not tested, 21s. in the pound was paid. Then followed a rather elaborate game played on the squares of the exchequer table, which was not made easier by the

\* The annual accounts of the sheriffs were engrossed on one large parchment roll, so-called from its shape when rolled up.

use of Roman figures and a somewhat primitive knowledge of arithmetic. This quaint machinery was in full working order under Henry II., but was older than this—perhaps Anglo-Saxon. With the decline of the sheriff these proceedings also fell into disuse.

VARIOUS FORMS OF TAXATION.—Other sources of taxation were various and fluctuating. Domesday was the basis for the levy of geld for about a hundred years, after which the whole rating of the country was revised (1198). The assessment in hides was replaced by assessment in carucates.\* In 1198 this land tax was generally known as the great carucage, but it rapidly fell into disuse, and the whole system disappeared under Henry III.

Tallage † was an exceptional impost levied on the royal demesnes which survived into the fourteenth century (1332), but was not important after the twelfth. Scutage, another tax levied instead of military service, also fell into decay in the thirteenth century.

THE SALADIN TITHE.—In 1188 took place the first direct taxation of revenue, the Saladin tithe. This was a tenth of rents and movable goods (with some exceptions), and it became the main resource of later finance. Some definite proportion was promised to

\* *Vide* Chap. III. p. 26.

† When the king was in special need a contribution was levied on the tenants of the royal demesne. The contribution may have been originally levied in places not subject to Danegeld; but the obligation later became general. There is evidence that other lords of manors in early times levied a similar occasional contribution on their tenants (sometimes by direct grants from Crown) (Cunningham, I., 146, 203). Chartered towns were in law portions of the king's demesne, and were consequently liable to tallage. Latest levy, 1332.



the king, and if a man's goods were not worth 5s. he was exempt. This exemption freed the average peasant from taxation.

THE KING'S CUSTOMS.—The king never abandoned his right of taking things and paying what he thought a fair price for them ; and customs (export and import duties) were levied originally in goods and were in use in the thirteenth century. The king also took some goods from the merchants at less than market price, the difference being regarded as a sort of customs duty. In 1275 the first parliamentary grant of customs gave to the king in perpetuity the wool, leather, and fells custom, and a fit and proper levy was made on wine. The "Confirmatio" of 1297 was called for by the king's seizure of wool ; for by this time the question of customs was coming under the view of parliament.

## CHAPTER VI

### THE BLACK DEATH AND THE PEASANTS' REVOLT

MEDIÆVAL CATASTROPHES.—From 1300 to 1500 agriculture was still much the most important industry in the country, and the outstanding episode of the period was the Black Death.

Mediæval life was full of unexpected catastrophe. First, there was a great famine during 1315 and 1316, when the price of food went up fivefold ; then followed the plague of 1348-1349, which also reappeared in 1362 and 1369 ; while in the fifteenth century there were at least twenty outbursts of malignant disease of a very deadly type. In addition to this there was a second great famine in 1439.

THE BLACK DEATH.—The Black Death was the bubonic plague of the East, complicated by the presence of another disease—pneumonic plague or malignant pustule of the lung—and in consequence there were two distinct sets of symptoms. It originated in the far East, whence it spread from Constantinople to Italy and Sicily, and thence over the Alps into France, Germany, and northern Europe. Its effects were equally deadly everywhere. In the summer of 1348 the bishop of Bath and Wells sent from abroad an order for prayer against contagion, but the plague was not long in following. It first appeared in Dorset in

August of the same year, after a very wet summer ; and it was aggravated by an unwholesome autumn. It spread terribly everywhere, and arrived at London before the end of the year. By the spring it had died down there, but it continued to be very virulent in East Anglia, and reached Durham by July, 1349. Every town in those days was filthy ; all refuse and garbage was thrown into the streets, and folk kept pigs as scavengers ; no wonder, therefore, that epidemics spread rapidly.

STATISTICS OF MORTALITY.—Contemporary records of institutions to benefices preserved in the Episcopal Registers and Patent Rolls go to show that more than half of the clergy died during the epidemic. In some cases as many as three changes took place in less than six months. The monasteries also suffered severely ; for they were as dirty as the towns, and the monks by herding closely together tended to spread the infection. Clerical evidence, however, is not altogether trustworthy, while the accounts of chroniclers are in many cases exaggerated. From the records of the Crown escheators we gather that in 1346 and 1347 the inquisitions averaged about 120 a year ; whereas for the year 1349 the number was 311. We are probably safe in assuming that from one-third to one-half of the population died.

COMMUTATION OF SERVICE IN THE VILLAGES.—For fifty years before the plague broke out commutation of services had been steadily going on in the English villages. In some few it was complete ; elsewhere the practice was growing, though at different rates in different places. By 1340 it had become pretty general even in the most conservative manors ; *e.g.* in eighty-

one manors (ecclesiastical and therefore conservative) in the period 1325-1350 six were entirely commuted, thirty-one were nearly commuted, while forty-four had been little affected. Up to this time there had been no mobility of labour, but a gradual change took place for the first time in the fourteenth century. Villeins began to desert, and it was becoming difficult to get them to perform their services.

HIRED LABOUR AND MONEY RENTS BEGIN.—The Statute of Labourers in 1352 shows that the practice of hiring labour existed, particularly at harvest time. Certain men in certain counties were permitted to emigrate at harvest, notably in Staffordshire, Derbyshire, Lancashire, the West Riding of Yorkshire, and the Scotch and Welsh marches; the permanent-wage labourer was also on the increase. A certain amount of land was rented in the modern fashion, especially portions of the lord's demesne, and the line of distinction between the villein and the freeman was becoming more and more blurred.

RESULTS OF THE PLAGUE.—The plague immediately affected the position of both the villein and the wage-earner. The shortage in labour caused a rise in prices, and the villein found he had more land to cultivate. His relations had died, and the lord was pressing him to hold land belonging to annihilated families. Cottars got villein holdings, and men became unwilling to render hard services to their lords. The result was increasing independence and insubordination; villeins would not perform their services, and the position of the landlord grew very difficult. There was enough land and to spare. Wages rose and rents went down. Manufactured goods also rose in price, though not to

the same extent. As rents went down while wages and prices went up the lords did not know what to do with their demesne land. The practice of hiring it out increased rapidly, but the old system of bailiff-farming continued to survive in some places.

STOCK AND LAND LEASE.—Other devices were employed, *e.g.* the land was let on short leases. Now the tenants could not always afford to stock the land they took up, whereas the lord had stock; and so there came about the "Stock and Land Lease." This lease was either for a term of years or for lives (usually three). The lord supplied the stock and implements; the tenant covenanted to maintain these and hand them over unimpaired at the end of the lease. In many countries it became a permanent connection between landlord and tenant, but it did not generally survive in England.\* It lasted through the fourteenth and fifteenth centuries and then died out.

PROBLEMS OF WAGES AND PRICES.—Many social complications were produced by the Black Death. The balance of supply and demand was in the labourer's favour, so men made higher demands on their employers. The lords tried to keep down wages, but their own competition prevented it. The mediæval idea was there was such a thing as a "fair wage," and there was a great outcry at its disappearance. In 1350 the Crown issued a proclamation telling folk to accept the old wages and forbidding the raising of prices. This was followed by the Statute of Labourers, commanding every one under penalty to work for the same pay as before the great death. The attempt,

\* A similar system, known as the *métayer* system, still exists in France and is common in Italy (*ref. Mill*).

needless to say, did not succeed ; but there was a good deal of fining and imprisoning for taking too high wages. From 1359 the justices of the Peace tried to supervise wages, but economic forces were too strong for them, and it became a regular thing to keep a double set of accounts, one agreeing with the statute and the other with the facts. Prices could not be kept down either, for the Crown was debasing the coinage by making the coins lighter—twenty-five shillings instead of twenty shillings being made from a pound weight of silver. This in itself inevitably sent up prices, irrespective of the vast effect of the Black Death. In spite of all statutes the rise in wages was very great, but this was practically counterbalanced by the rise in prices.

In 1389 a more rational policy was adopted. Instead of trying to force wages back to their old level, Parliament set the justices to assess them in proportion to the price of food. This was a more equitable method ; and, moreover, the crisis had passed ; the labourer had gained his point. Wages during 1347–1387 rose from 50 to 100 per cent., as also did prices, though to a lesser extent. Only one actual assessment has survived—for Norfolk in 1431 ; but during the fifteenth century wages continued to rise gradually. Parliament kept on issuing scales of maximum wages without effect, and even the maximum rates themselves rose.

THE PEASANTS' REVOLT AND ITS CAUSES.—The peasants' rising of 1381 was not entirely agrarian. It was general, and the trials of the rebels bring to light many different causes of grievance, some of which were purely political. The poll tax caused general annoyance, particularly as it was now uniform, and not graduated as it had been before. In the towns artisans

and craftsmen were even more bitterly opposed to the Statute of Labourers than the peasants. The gates of London were opened to the rebels by an alderman because there was a faction quarrel in the City and one of the parties wished to make use of the rising to destroy the foreigners, who were very unpopular there. In some other towns there was a struggle going on between the oligarchy of the great merchants and the bulk of the population. All kinds of local grievances helped to swell the rising—there were even “town and gown” riots. In fact the causes of outbreaks were innumerable.

The working of the game laws, and the right of the lord to compel all corn to be ground at his mill, were much disliked both by freeholder and villein; and dislike of the practice of enclosure now appeared for the first time. There were two reasons for this dissatisfaction. A lord might enclose so much waste that there was not enough left for pasture, or by letting out his own strips for pasture he might restrict the tenant's right of grazing his flocks on the stubble. There was *very* little enclosure in 1381, but it did exist in certain places.

There is no doubt, however, that the villeins proper had definite grievances. The usual explanation of the revolt is that the lords were attempting to get back the labour services which had been commuted; but this explanation involves two fallacies: (1) that general commutation of services had taken place, and (2) that where commutation had taken place re-enforcement of labour services was being attempted; whereas in reality the rising was not due to the tyranny of the lords, but to the prosperity of the cultivators. The

chief cause of the villen's discontent was the scorn of his free neighbours.

In some places the villeins struck work instead of rising, and this procedure proved very effective ; but the rising itself failed, for although the king promised everything, he withdrew his promises afterwards.

For a year or two the position of the labourers grew worse ; then the old economic forces reasserted themselves, and by 1450 the old type of villeinage had become very much the exception. The landlords began to substitute grazing for arable land, and in consequence of this hired labour became obviously more convenient. From 1390 commutation of services became general ; boon work at harvest time alone survived.

GROWTH OF TOWN PROLETARIAT.—In the fifteenth century we can trace in the towns the beginning of an unskilled class which did not enjoy the rights of freemen. This "proletariat" was not as yet very numerous, but there *were* some people below the guildsman ; regulations were frequently passed by towns preventing outsiders, and especially villeins, from becoming freemen. Under Richard II. an attempt was made to exclude altogether villeins born outside the towns, and a statute of Henry IV. stated that "no one shall be apprenticed to a trade unless his father be worth twenty shillings." Still the utility of these statutes to students of history lies in showing what was happening, and what was not liked, *not* what was stopped ; for in spite of legislation to prevent it, there was a continuous flow into the towns of rightless folk who eventually formed a lower stratum of society.



**MERCHANTS RISE IN THE SOCIAL SCALE.**—The leaders of civic society lived as well as the landed gentry of the time, and intermarriage was already beginning. Little books of manners were published, containing such injunctions as “Wype not thy nose upon the tabylclothe, lest ye be deemed a discourteous man.” In mediæval times, however, people who *made* things were seldom wealthy; it was the men who dealt with foreign trade and finance who were prosperous. Manufacture was mostly on a small scale and did not require much capital. The first to develop into a big business was that of wool, which for centuries afterwards was the staple industry of the country.

**WEAVING AND THE CLOTHING INDUSTRY.**—In early society the occupation of making material (weaving) and putting it together into clothes was left to women. All through the Anglo-Saxon period, and long after, it remained a feminine employment; great ladies wove tapestry. After the Conquest, however, weaving was established as a man's occupation. The first weavers wove fine cloth for the wealthy; for the poor for many generations wore linen made in their own homes, or at least locally. Edward I. regulated the industry, but before his time it had grown to such an extent that a little was occasionally exported, though import was still the rule. By 1410 the export of English-made cloth, especially from Bristol to Portugal, was already considerable, and by 1500 it had become quite an important business.

**FOREIGN WEAVERS.**—This development of the cloth manufacture was due originally to immigrants. In 1331 Edward III. issued licenses to foreigners to come over, and from this time permits were regularly

offered to Flemings. In 1337 a statute gave general permission ; aliens consequently crowded into England owing to the civil war in Flanders, which made life there uncomfortable. These immigrants were not destitute, but men of some substance, having servants and apprentices. John Kempe, the first licensee, was evidently a manufacturer on a fairly large scale, judged by mediæval standards. The men were skilful at their trade, and not unnaturally aroused the jealousy of English weavers ; but by the fifteenth century the friction had died down.

The new weavers established themselves chiefly in East Anglia, which in the time of Edward II. was the seat of extensive trade. Proof of this is afforded by the fact that an aulnager had been appointed for the county before the arrival of the Flemings. It was in East Anglia, therefore, that jealousy of the new weavers was most acute. Norwich was the headquarters of the trade, and the county weavers came into the town to sell to the merchants. About 1428 the whole industry of the county was organised by statute, and in 1441 the wardens of Norwich, the weavers' guild, and two representatives of the weavers were appointed to supervise its activities under the control of the mayor and justices of the county.

RISE OF CLOTHIERS.—The rise of the clothier dates from this time. The weavers no longer sold to the merchant alone, but were employed by the clothier to make cloth for him ; often he supplied them with raw material, and sometimes he even grew the wool himself : in short, he was an embryo manufacturer. In the fifteenth century the commission system was in general use in the east as well as in Gloucestershire

and Wiltshire, and as early as 1339 we read of something like a primitive factory at Bristol.

These clothiers were recruited from the ranks of the merchants who had collected some capital, first as cloth-workers and later as cloth dealers; and thanks to the growth of the cloth trade, they had become numerous before the fifteenth century. The Drapers' Company actually received its charter in 1364.

THE METAL INDUSTRY.—In the fourteenth and fifteenth centuries the rise of the capitalist in the metal industries began, but he was a trader rather than a miner or a manufacturer. Sussex was the seat of the earliest iron-mining. In Derbyshire, too, there was lead mining and working, and there were a number of prosperous lead traders in the fifteenth century. The miners were independent workers who sold their produce to a class of men halfway between merchants and manufacturers, who generally controlled smelting works, but not the mining itself. Tin mining in Cornwall was at first carried on entirely by streaming\* (*i.e.* washing out the ore) by independent workmen, but as early as the fourteenth century a few individuals controlled large groups of miners. In the reign of Edward III. Abraham the Tinner employed 300 miners to stream for him.

TWO CENTURIES OF COMMERCIAL POLICY.—By 1300 England had been unified and it was possible for a commercial policy to begin. The country began to attend to its interests just as the towns had previously

\* Tin deposits are mainly alluvial. The surface soil is removed and the ore washed out with a strong stream of water, and then separated by gravitation. The process is still employed in Nigeria and the Straits Settlements.

pursued their own individual interests. Organised national opposition to aliens was a thing of slow growth, and may probably be accounted for by the growing influence of the burgesses in Parliament. From 1300 to 1400 the Crown still dealt with foreign merchants, while the towns to some extent followed their own policy; but the fourteenth century marks the gradual victory over the old ideas of what we may call the burgess point of view.

**DISLIKE OF FOREIGNERS.**—In 1303 by the “*Carta Mercatoria*” King Edward I. made a general treaty with foreigners by which they paid higher duties, and he gave them in return extensive privileges which the fourteenth century burgess disliked. Edward also said that the foreigners need no longer “go to host.”\* The grant of these privileges caused a coolness between the towns and the Crown, which during the next century gradually abandoned its system of royal treaties and bargains. These dealings had been based on financial conditions solely: so as Englishmen became increasingly able to finance the king, he no longer had to apply for money to foreigners: incidentally Edward III.’s repudiation of his debts to the Florentines must have made them less willing to lend.

**NATIVE FINANCIERS.**—Of the Englishmen who undertook the duty of financing the Crown, special mention should be made of William de la Pole, who came from a family of Hull merchants and migrated to London in the reign of Edward II. He was the first English merchant to found a noble house. The

\* Up to this date the foreign merchant had been compelled to reside with an approved citizen, who was responsible for his guest’s good conduct and financial transactions.

French wars increased the need of borrowing; merchants financed the free companies and made profits from the plunder of the Continent. Financiers, however, were still very few in number in 1350, for a list drawn up of persons to whom it was possible to apply for money contained only 169 names worthy of the king's attention. The foreigner, however, was still in a favoured position, and we find records of constantly recurring protests from the increasingly powerful citizens of London against this state of things, until in 1376-1377 Edward withdrew the privileges under pressure from the "Good Parliament."

LONDON COMPANIES.—Edward III., however, always fostered home trade where he felt he could, and he granted many charters to London companies. These were neither merchant nor craft guilds, but specialised trade associations. For example, the charters of the Vintners' Company in 1364 encouraged English merchants to get control of the import wine trade, and in 1345 the amalgamation of the Pepperers and Spicers formed the Grocers' Company. These grocers did not at first trade directly with the East, but dealt with the towns of the Netherlands; soon after, however (*circa* 1400), Englishmen did try to take a direct part in the Mediterranean and Levant trade, for this consolidation of companies had led to increased enterprise. Other companies were the Mercers' and Drapers'. The mercers were engaged in the trade of miscellaneous articles, while the drapers' company dealt chiefly with woollen goods. In the fifteenth century these companies were incorporated, and by 1500 they were firmly established. Some had started as specialised trading companies, while others became so by a process of evolution.

The goldsmiths were already beginning to be something like bankers ; they were dealers in bullion rather than makers of gold ornaments. All the companies ultimately became almost entirely commercial.

Returning to the policy of the Crown, we find great vacillation in policy under Richard II. owing to the varying influences to which he was exposed, but after the accession of the House of Lancaster the Crown was more and more forced to adopt the " burgess " policy. The foreigner was not prevented from trading with the country, but he was not allowed to interfere in internal trade.

## CHAPTER VII

### THE GOVERNMENT AND TRADE—THE AGE OF DISCOVERY

FOREIGN TRADE AND MERCHANTS OF THE STAPLE.\*—In the thirteenth century the Crown had already begun to regulate trade. This was forced into certain definite channels by the creation of Staple towns, through which alone the export of many important commodities was permitted. The object of this policy was (1) to facilitate the collection of tolls ; (2) to make it possible for the Government to divert export as a means of applying political pressure to another country. The rulers of Flanders especially could be brought to reason by the holding up of the wool, on which the prosperity of the Low Countries depended. Foreigners could be, and often were, included amongst the merchants of the Staple, who managed the export trade of raw materials—wool, hides, and metals. As time went on this body became more exclusively English, but its importance decreased in the fifteenth century.

THE MERCHANT ADVENTURERS.—A new phase of export trade was opened up by the Merchant Adventurers. In the thirteenth century there had been little trade except in the goods mentioned above, but under the Edwards there sprang up an export trade in cloth. To this new development the Staplers were naturally hostile, for as export of cloth increased, that

\* See p. 104.

of raw wool tended to decline. This new export of finished goods fell into the hands of the Adventurers : they secured from the Crown the right to elect a governor and an assembly, grew up into a great company and received a charter under the Tudors.

The dynasties of Lancaster and York favoured the native merchant because of his increasing importance. Up to the time of Richard II. distant trading ventures had been rare, but afterwards English traders pushed further afield, both in the Baltic and the Mediterranean.

THE TRADERS OF VENICE.—The Venetians had formerly been the intermediaries between East and West : for a long time the eastern trade came into England by land from Venice. Later on the Venetians organised a sea trade ; and from 1317 galleys came annually to Southampton, whence they went on to Flanders. The Edwards gave privileges to these merchants, and as time went on our own traders became more and more hostile to them : they did not dislike the foreigners selling their own goods, but they objected to their acting as carriers of the merchandise of others. A bill was accordingly introduced to forbid them to import anything but Venetian goods, but it failed. About 1453 the decline of Venice began, but the galleys continued to visit England all through the fifteenth century.

A CONTEMPORARY REVIEW OF TRADE POLICY.—The “ Libelle of English Policy,” published in 1436 is something like a Navy League or Tariff Reform pamphlet : it professes a desire to be strong commercially, and so navally, for the purpose of protecting the narrow seas. It was published when relations with Flanders were strained, and Bishop Mullins, its author, described in it



how the foreign trade of country after country might be stopped by securing the command of the narrow seas. Incidentally he objected to the export of wool and of gold bullion: so we begin to trace the first rough beginnings of the "Navigation" policy.

SEEDS OF THE NAVIGATION ACT.—In the Middle Ages there was no distinction between royal ships and the shipping of the country at large, and Edward I., the first king to think of encouraging shipping, failed to accomplish anything of importance. The first "Navigation" Act in 1382 was a very crude attempt to produce the desired effect. It was quite simple. It pointed out that it was desirable to increase the navy, "wherefore, let no more goods be sent abroad except in English ships." It broke down because a sufficient number of English ships did not exist. The Act was not the beginning of a settled policy, though from time to time other attempts were made in the same direction. Henry V. tried to encourage the navy and built a few ships himself, while under Edward IV. another experiment was made similar to that of 1382, but it lasted only three years, and did little or no good. The policy of the Government towards trade was still very vague and uncertain.

THE GOVERNMENT AND PRECIOUS METALS.—All Europe in the Middle Ages was short of the precious metals, and depended upon ancient accumulations of coin and bullion; for such mining as was done barely sufficed to maintain the amount in circulation. Moreover, gold was increasingly in demand for ornament and as a means of exchange. All nations therefore desired to increase their stocks by trade, and their feverish efforts to attract bullion were to some extent justifiable

under the circumstances. Even to-day the supply of coin sometimes runs low, and the country thus affected discourages the export of gold until the situation is relieved. In England there is no Government interference,\* but the Bank of England prevents an excessive efflux by raising the Bank rate.

All nations in the Middle Ages competed with one another in issuing stringent edicts against the export of bullion, but the devices they employed were astonishingly crude.† Scores of statutes during the period 1300–1500 deal with this subject, of which the Statute of 1384 may be taken as an example: “Export is forbidden except to lords, prelates, and to some merchants who may only export, if absolutely necessary, after license from Government and in a particular way.”

Sometimes foreigners were allowed to sell their goods in England, but had to take away in exchange English goods, not money. All the same, unless there was a sufficient export of goods to cover debts, money went out of the country in spite of statutes, the very number of which shows that they were frequently evaded or disobeyed.

TRADE LEGISLATION.—Now, too, we notice the first beginnings of trade legislation, and very clumsy they were. A few unimportant attempts were made before the reign of Edward IV., when producers of goods began to grumble at foreign competition: *e.g.* there were complaints from women making silken goods

\* True up to 1914, but not since.

† The elaborate arrangements prevailing in almost every European country at the present time (1920) for controlling the export of currency afford an excellent example of the revival of old methods in order to deal with an exceptional crisis.

in London that foreigners instead of sending raw material were sending ribbon: the import was accordingly prohibited. From this time onward we find a long list of prohibited commodities: wardens and masters of guilds were from time to time instructed to search out and destroy these "indecent" foreign goods. But even Edward IV.'s policy vacillated, for it was not based on any general principles. When complaints were made by our own countrymen the Government would hasten to their relief; but if complaints reached them from the other side they were just as ready to listen to them.

This shifty policy is considered by some authorities to be due to the influence of the Hanse which provided funds and ships for the numerous raids resulting from disturbed political conditions, *e.g.* 1471.\*

RESTRICTION OF CORN IMPORTS.—Similarly corn legislation was not a policy but a series of expedients, for the foreign supply of corn was a very unimportant thing. Thus we find that after the Black Death export was entirely prohibited; but under Richard II. this prohibition was removed. After 1393 export was permissible if a license were obtained; and under a statute of 1455 it was allowed when the home price fell below a certain level. In 1463 the Hanse merchants were forbidden to import corn when it was cheap, though they might when it was dear. There was no consistent policy till the reign of Elizabeth, and no organised system until the time of William and Mary.

ECONOMICAL MISCONCEPTIONS OF THE TIME.—Down to the thirteenth century the Middle Ages were ignorant of political economy, and even later than this

\* The influence of the Hanse on trade regulation (Colvin).

there was no specialised study of the subject, though one or two economic questions, such as that of the coinage, received special attention from time to time. All such discussions were apt to be mixed up with moral and theological considerations, so *ideals* were probably higher (though it is very doubtful whether actual practice was).

THEORY OF A JUST PRICE.—The idea of a Just Price rested partly on a fallacy and partly on sound instinct : it accepted as an axiom the view that every object has an intrinsic value. Economic value, however, is not definite, though the theory on which it is based is simple enough. It does not depend upon utility, as many mediæval thinkers believed, but is the ratio between what one is prepared to sacrifice and what one wants to obtain : this, of course, varies according to circumstances.

There was also a feeling—akin to that about the just price—that there was a certain reward to which every one was entitled for his labour, and that accordingly the price of necessities should be so regulated that he could live under conditions which public opinion considered suitable to his rank.

It was possible in the Middle Ages to keep in sight the idea of a normal rate of pay for different classes of the people, and it was more easy then than now to decide what the just price of labour ought to be. (Even now the price of labour fluctuates less than that of commodities.\*) Approximately accurate conceptions of the just reward could be made : for every man was considered to have his fixed place in society, and

\* The experience of the five years during the war seems to show that this statement needs qualifying.

the possibility of rising in the social scale never suggested itself to mediæval minds. Their conception of "justice," too, was that it was an apportionment to each man of a reward suitable to his particular position in life.

EARLY VIEWS OF PROPERTY.—In the Middle Ages prices fluctuated acutely ; owing to this fact traders made extravagant profits upon which the moralist looked with suspicion. Traders tended to force their way upwards in society, and thus to obliterate the old lines of division. Now the mediæval idea was that to seek wealth pure and simple was avarice, or at least a sinful desire. The early fathers had said that the origin of property was sin—Ambrose declared that it originated from "usurpation"—so as a natural consequence mediæval theological thinkers were not in the least impressed by the rights of property.

The king was supreme landlord, and if you disagreed with him he took your land. Escheats were of continual occurrence : moreover, the right to enjoy property was joined with the obligation of performing some function in society, *e.g.* giving service in war or praying for men's souls. The most obvious form of property was land, which is clearly productive, but the mediæval mind did not see that other forms of property may be equally productive. Aristotle had said that money was barren : that was enough for the economists of those days, and this belief naturally gave rise to the controversy on usury.

THE ETHICS OF USURY.—The Bible contains explicit prohibitions of usury, and in primitive society folk only borrow when in need or distress. This accounts for the deep dislike of the usurer still found in primitive

communities, where borrowing is resorted to only when the harvest fails, or when the tax-gatherer is unusually pressing. In the Middle Ages men never borrowed money to make money as they do nowadays: consequently usury was regarded as illegal, and the usury laws actually lasted till about 1840.\* In the Middle Ages the lender had an overwhelmingly strong strategic position which made for hardship and injustice. The condemnation of usury applied only to fixed and certain rates of interest: chances of gain and loss, however risky they might be, were never questioned: in other words, an ordinary shareholder of a present-day company would not have been condemned, but a debenture holder would. Upon this matter "city" opinion for a long time did not differ much from theological and moral tenets; but by the end of the fourteenth century the laws prohibiting usury were almost systematically evaded. To avoid a breach of principle it was enough to make a loan gratuitous for a certain time, after which interest might be charged, as a sort of penalty for non-payment. All the time it would be perfectly understood by the parties that payment would *not* be made on the stated date. As evasions became more common the ecclesiastical point of view was more strongly insisted upon, but opportunities for evading the laws were so many that little was done to curtail commercial enterprise.

THE AGE OF DISCOVERY.—The old mediæval world began to break up in the fifteenth century, largely owing to discoveries. The motive for these was chiefly economic, *i.e.* greed of gain was a stronger incentive

\* Since 1900 a Money-lenders' Act has prohibited extortionate interest.

even than love of adventure. Portugal, which led the way, was a poor country, and was attracted by the spices, gold, and silks of the East. Prince Henry of Portugal was the first great patron of navigation, and before his death in 1460 his sailors had pushed as far as Guinea and had formed settlements in the Cape Verde Islands, Madeira, and the Canaries. By 1466 Madeira was exporting sugar, and the Portuguese had occupied Angola. In 1486 Bartholomew Diaz was sailing down the African coast when a storm blew him into the South Atlantic: he was driven eastward, and eventually landed at the Cape of Good Hope. Finally, in 1496, Vasco di Gama, following Diaz, doubled the Cape and arrived at Malabar. The Portuguese now came into contact with the Venetians. The latter had always used the overland routes from the East, but lately trade had begun to come up the Red Sea, via Cairo, to the Mediterranean, for Egypt was still in Saracen hands.

Friction naturally arose between the Portuguese and the Moorish traders in the Indian ocean; and as Venice supported the latter, a conflict ensued which ended in the former being victorious. In 1503 five Portuguese spice ships arrived in the Thames, a fact which proved that it was possible for England to trade without depending upon the unpopular Venetians. Meanwhile, Columbus, while seeking Asia, had founded the New World; and presently Magellan's expedition succeeded in circumnavigating the world, and returned to Europe in 1522. To their surprise they found they had lost a day on the voyage, and had been keeping saints' days at the wrong times, much to the horror of the Inquisition.

BEGINNINGS OF A NATIONAL POLICY OF EXPANSION.  
—The loose feudal states of Europe were now becoming centralised into monarchies, and with this consolidation the pursuit of a national economic policy became possible. Hitherto it had been merely in the experimental stage: local interests had generally been the one and only consideration. Under the early Tudors there was still no definite policy, so many opportunities of discovery were lost. Columbus's brother sought Henry VII.'s support in vain, and the family went away from England empty-handed. The first English explorations were not conducted by Englishmen. John Cabot, a Venetian, and his three sons had, perhaps as early as 1480, a connection with Bristol, from which port they conducted various private enterprises. As early as 1494 they sighted the mainland of America: they landed in 1496, and probably discovered Newfoundland. This success fired English imagination, but Henry's interest cooled without the stimulus of gold, spices, and silk, so Cabot, owing to lack of encouragement, drifted into the service of Spain. The Portuguese took advantage of the fishing trade earlier than we did, but our sailors began to develop it systematically in the reign of Edward VI.\* All the newly discovered lands had now been annexed, so the few English explorers in the reign of Henry VIII. tried to find a new outlet. Thorne wrote to that monarch pointing out all the advantages of striking north; but little was done. However, Englishmen began gradually to force their way into the old routes. Hawkins

\* The fisheries on the Grand Banks of Newfoundland were developed as early as 1548, and were protected by statute in that year.



opened up the Guinea trade and sailed west to Brazil. Between 1540 and 1580 we traded with South America, but after Spanish control spread over it in 1580 England had to fight every step. In 1562 Baker, in describing a voyage to the Guinea coast, showed in his account how full of mystery these places still were to the Englishman. It was not till some time later that we turned our faces west, but this was not altogether a misfortune, for Spain had little reason to bless the ill-gotten gold that she collected in the interval.

THE FIRST NAVIGATION POLICY TRIED.—Henry VII. made experiments with a navigation policy, and his expedients were the first that were workable. He tried to confine certain branches of trade, *e.g.* that with Gascony, to English ships, but he also found that it paid him to sell licenses to break the law, so the effect was lost. Henry VIII. certainly interested himself in forming a navy, and in improving coast defences and harbours. He also established Trinity House, which still looks after our lighthouses and buoys. The navigation laws, however, remained almost a dead letter, owing to the license system. In 1540 Thomas Cromwell tried to reconstitute them: he issued an order keeping freights down to a certain level, so that a shortage of English ships might not induce the English monopolists to raise prices: but the attempt failed.

DECLINE OF VENICE.—The new trade discoveries proved the deathblow to Venice. She had long been losing her hold on England owing to the increasing enterprise of our sailors in the Levant. At last the matter was brought to a head by the Malmsey wine

trade agreement : we concluded a treaty with Florence to send wool in exchange for wine. From this time forward our exchanges with Venice became less and less important, and in 1533 the galley fleet made its last voyage.

## CHAPTER VIII

### AGRARIAN TROUBLES—THE GUILDS—COINAGE PROBLEMS

THE AGRARIAN REVOLUTION : SOURCES OF INFORMATION.—Most of our information about the agrarian revolution of the sixteenth century comes from literary sources—pamphlets, doggerel verses, sermons, and casual references in great authors. Such sources must be inexact, especially as no statistical record of those days has come down to us.

GRIEVANCES.—Popular grievances were twofold : there was both curtailment of the common waste, and enclosure of ploughland for pasturage. In the latter case it might easily be the result of a lord's exchanging his strips in the common fields until he got a compact holding which he hedged and ditched ; and his example would naturally be followed by some of his tenants.

Certain writers of the period defended this system of enclosures on economic grounds ; but most men fiercely decried it, notably Fitzherbert, who wrote a book on Husbandry, and Thomas Tusser, who composed doggerel verses about the time of Mary. This difference of opinion is not hard to understand ; some men welcomed the economic advantages of enclosure, while others protested against the social derangement which resulted from it.

Increase of grazing land was a reasonable sequel

to the decrease of population after the Black Death, and enclosure of the waste did not matter till the district became fairly thickly populated. Moreover, the price of wool went up in the fifteenth century, which made sheep-breeding a more and more profitable investment.

ANXIETY IN PARLIAMENT.—From the reign of Richard III. we can trace anxiety in Parliament over depopulation. An inquiry was instituted by Wolsey in 1517, and others followed in 1548, 1556, and 1607 ; from these we can deduce a fairly satisfactory array of facts.

REPORTS ON DEPOPULATION.—Wolsey's commissioners in twenty-four counties drew up reports with the object of showing to what extent depopulation had taken place. Our first impression must naturally be surprise at the comparatively small amount of enclosure which had occurred, although all enclosures for thirty years back were recorded. In some counties there were practically none—in the whole of Yorkshire 6678½ acres only had been enclosed, and even this little was mostly emparked land. In Norfolk, the centre of the rebellion against enclosures in 1549, the area dealt with gives only 0·9 per cent. as the proportion enclosed, and this is the highest figure of all the counties. In Hereford reports on a district of 200,000 acres show that only 1300 acres were enclosed. Thus the amount of enclosure during the period 1487–1517 must have been quite insignificant.

EXTENT AND METHOD OF EVICTION.—Some persons, however, really were evicted. It was formerly thought that these were copyholders, but it is now established that they were mostly leaseholders, or even yearly

tenants. Eviction was no doubt a hardship, but it was not a breach of the law. Copyholders, however, had undoubted grievances. Two kinds of copyholds existed—copyhold of inheritance and copyhold for lives, and the lords did their utmost to prove that claims to copyhold of inheritance were not well founded ; they also increased the fines paid at succession—an alteration which was not altogether unreasonable, because the purchasing power of money was steadily declining from the time of Henry VIII.

VALUE OF ENCLOSED LAND.—In 1518 the figures of the commissioners showed that enclosure of land raised its value by 30 per cent., and that if enclosed land was converted for grazing a further increase of 27 per cent. ensued. An attempt was made to check the movement by making it an offence to pull down “houses of husbandry,” but the law was not really enforced, although there was some pretence of doing so for the first few years.

The later inquiries were not carried out with much vigour, so they had little result.

EXTENT OF ENCLOSURE (1457-1607).—During the whole period up to 1607 it is surmised that not more than 3 per cent. of the whole area of England was enclosed. The counties most affected were the eastern midlands—Leicester, Northants, Rutland, East Warwickshire, Bedford, Berkshire, Buckingham, Oxford, and Middlesex. Other counties, however, had been largely enclosed before by a gradual process during the Middle Ages, notably Kent, Essex, and Suffolk. Enclosure also took place in the south-west, for Leland (who travelled through England between 1536 and 1542) tells us that enclosure was a normal phenomenon in

Devon, Dorset, and Somerset, and to some extent in Gloucester. It is probable that the open-field system had never regularly developed in the west owing to the Celtic nature of the population. Moreover, there was so much land that it was very easy to enclose a piece without exciting opposition.

REVIEW OF THE PERIOD.—In short, the most developed counties had already abandoned the open-field system, the backward west had never fully developed it, and the central counties, where lay the seat of the grievance, were in the transition stage. It is interesting to note that the midland counties were the least enclosed in the eighteenth and nineteenth centuries.

Although the enclosures were less extensive than has been thought, they were important, and in many of the most populous counties they caused much distress ; moreover, this social disturbance was made worse by the industrial revolution which accompanied it. Remedial legislation was in consequence called for in the sixteenth century, particularly as the disorganisation was aggravated by religious changes. The relative importance of the different towns was changing, and political disturbances in the preceding century had adversely affected certain places. The weak central government of the fifteenth century had led to heavy taxation, and much readjustment was needed. Conditions varied locally, so it is quite impossible to get a uniformly-coloured picture of this time.

THE GUILDS.—The universality of the guilds has probably been overrated ; still, the great majority of the towns had a guild organisation of some kind. They were not working well, and Government was becoming

suspicious of them as supervisors of local economic affairs. In 1503 control of the new orders of the guilds was entrusted to the royal justices of assize, which was a step towards bringing them under the direct eye of Government.

We can find specific instances of the way in which the guilds were failing to perform their duty, *e.g.* an Act had to be passed prohibiting the excessive entrance fees which were exacted. Attempts were also made to prevent qualified persons from setting up in business. These abuses led to the desertion of the places ruled by the guilds, *e.g.* many Londoners removed from the city to the suburbs.

RISE OF THE CAPITALISTS.—All this shows that the control of the guilds, particularly in the bigger towns, was falling into the hands of capitalists. The more powerful guilds also began to absorb the smaller—in 1423 there were 111 different guilds in London, but in 1531 there were only 60, of which some were certainly new. In London, again, we find that the leather-sellers absorbed the glovers, pursers, and pouch makers; the armourers absorbed the braziers; and the haberdashers the hatters and cappers. This process was going on all over the country.

Sale had once been direct between maker and buyer, but now the "capitalist" was blamed for coming between the handicraftsman and the consumer, with the result that the poorer industrial classes were greatly oppressed. There were also quarrels inside the guilds between the more wealthy men and the ordinary members.

ALIEN CRAFTSMEN—A GRIEVANCE.—Complaints began to arise at this time of the immigration of foreign

craftsmen. This was a good thing for the country, because they introduced new industries, and this brought about a sort of industrial renaissance ; but the contemporary workman could not be expected to take this view. The Government sometimes listened to complaints ; but not always, for, as we have seen, Henry VIII. encouraged aliens and issued naturalisation patents freely.

These two grievances—the capitalist and the foreigner—inflamed the mind of the English workman, and sometimes led to trouble. In 1517 a sermon preached against aliens in London led to a brawl in which several foreigners were killed. Henry acted with great firmness and thirteen men were hanged.

WEAVING IN COUNTRY DISTRICTS : ATTACKED BY THE TOWNS.—During the second half of the fifteenth century and all through the sixteenth the weaving industry kept spreading, chiefly in the rural districts outside guild jurisdiction. This migration could not be checked by the corporate towns, though we read of attempts being made to do so ; *e.g.* as early as 1470 Shrewsbury forbade the import of “ Welsh ” cloth into the town. The competition of rural districts was felt somewhat severely by the towns and their guilds, while it is probable that the guild regulations in turn assisted the country. Occasionally Parliament listened to the outcry, for in 1533 a statute gave to five corporate towns in Worcester the monopoly of cloth making in the county, while in Yorkshire a monopoly of bed-covers was given to the towns. In 1523 an Act tried to prevent weavers from dealing directly with foreign merchants, a law intended to benefit the towns, which wanted to be the sole channels for the passage of



trade. In 1555 the Weavers' Act limited the numbers of looms and apprentices that a weaver might have, and it has been assumed by Froude that this was a measure against capitalism. Close examination, however, shows that the Act did not attempt to impose these checks universally, but only outside the towns: it was only a pro-urban measure and could not be enforced.

ATTEMPTS AT RESTRICTION FAIL.—From 1550 to 1560 we have many Acts whose object is to encourage the corporate towns, although we also get laws which work in the contrary direction, *e.g.* it was legal to carry on the weaving industry in the country in Wales, in the North, in Norfolk, Suffolk, Kent, Cornwall, and later in Sussex, Somerset, Gloucester, and Wiltshire; elsewhere the towns had the monopoly. This probably means that the rural industry was permitted wherever it existed; economic forces were too strong for the prejudice in favour of the towns, and the law only gave people permission to do what they were already doing.

THE CAPITALIST (OR COMMISSION) SYSTEM.—The clothier was tending to become more and more a capitalist, but except in a few cases there is little trace of any factory system and the bulk of the industry was still in the hands of the small working clothier.\* These two systems—the handicraft and the capitalist (or commission) system—both had the work done in cottages, but in the latter case it was done for the capitalist. The commission system was most common in the eastern counties, and the older system was most widely prevalent in the north.

\* There were, however, exceptions, *e.g.* one Stump fitted up part of Malmesbury Abbey as a factory, and installed therein one hundred looms. See Leland, *Itin.* ii. 53.

**THE CONFISCATION ACT OF 1547.**—The injury inflicted on the guilds by the policy of Edward VI.'s council has been exaggerated. The Confiscation Act of 1547 did not seize all the property of the guilds, but only that which provided machinery for saying masses for the dead. Thorold Rogers and others have suggested that the wording of the Act was merely a veil for pillage ; but this is too great an assumption, for there is no break in the economic history of the guilds. Except as regards the Chantries even their religious side continued to work, and only one company was abolished—that of the Parish Clerks ; they could not prove any economic activity, and their suppression shows that the object of the Act was ecclesiastical and not economic. The Government, however, extorted from the guilds not merely the income expended in masses, but the capital from which it was derived, and the necessity of contributing all this capital at once no doubt hampered them—but this is all. Their decline cannot be traced to any appreciable extent to the Act of 1547, but by this time the Government was certainly beginning to interfere more directly with the organisation and control of industry.

**RISE IN PRICES.**—About the middle of the sixteenth century a very disquieting rise in prices set in. The price of wheat in 1500 was about six shillings a quarter, while from 1560 to 1600 it averaged between sixteen and seventeen shillings. The rise in prices did not really begin until 1540 ; before this date the average price had never reached eight shillings.

**MEDIÆVAL COINAGE.**—In the Middle Ages the standard money was silver. The Italian republics began to use it for coins in the thirteenth century, and

England followed suit a century later.\* Henry III. had coined a little gold experimentally, but it was under Edward III. that gold coinage in the shape of the rose noble really began. The sovereign (a coin worth 20s.) was first struck by Henry VII., but amid the disorders of the monetary system in the following reigns its issue was only intermittent. Nowadays gold is the only legal tender, and all attempts at bimetallic systems have broken down ; but at that time a crude sort of bimetallism was in existence.

**BIMETALLISM AND ITS DIFFICULTIES.**—If a bimetallic system is to work, the ratio between the face values of gold and silver coins must be equivalent to the value of the metal in each coin as a commodity. In 1474 one oz. of gold was worth 11.15 ozs. of silver, but in France it was worth only 11 ozs. of silver, and this alone was enough to create difficulties in exchange between the two countries. The Government did not know in the least why there was trouble, and ministers could not explain why gold continued to flow out of France and silver out of England. These puzzles were always cropping up ; the Government would juggle with the coinage by altering the face value or the weight ; and in consequence the whole coinage system got hopelessly muddled.

**DECLINE IN WEIGHT OF COINS.**—The weight of silver in the silver penny had steadily declined in the Middle Ages—chiefly owing to the clipping of coins. The heavier pieces were often melted, hoarded, or exported, the lighter remained in circulation, and (as we have seen) the tendency was to make the new

\* But see p. 17. The groat was first coined by Edward III., the shilling (long a money of account) by Henry VII.

issue of the same weight as the old worn and clipped coins. In 1300 a silver penny weighed 22 grains troy ; in 1412 it weighed only 15 ; and by 1464 it had gone down to 12 grains only. By 1527 it had declined to 10·5 grains, and by 1543 to 10.

WHY PRICES DID NOT RISE BEFORE 1540.—Naturally, as the silver penny declined in weight, its purchasing power also tended to decline. A rise in prices therefore might naturally have been expected in the fourteenth and fifteenth centuries, but none took place—for two reasons: (a) the world was running relatively short of the precious metals ; (b) the great increase in commerce and the abandonment of payment in goods created an increasing demand for money. These factors rather more than counterbalanced the decreasing weight for two centuries, and during the whole of the fifteenth century the value of the precious metals gradually rose.

WHY PRICES ROSE AFTERWARDS.—At the end of the fifteenth century a new series of causes came into operation. First, the output of silver in Europe increased owing to more efficient working of the German mines, under the supervision of the Fuggers of Nuremberg. This in itself produced only a small effect, but in England the policy of Henry VIII. had startling results. First, the dissipation of the store of bullion accumulated by Henry VII. (amounting to over £4,000,000), followed by the seizure and coining of the monastic plate and treasure, greatly increased the amount of money in circulation. Then, in 1545, the king began to debase the coinage. By 1547 the percentage of silver used was only 33 per cent., and Mary did nothing to raise its value.

Coincidentally, the great discoveries in America led

to a general rise in prices all over Europe. Mexico and Peru were conquered between 1520 and 1530, and the regular working of the silver mines of Potosi began in 1545. By 1550 the great influx of the precious metals had overturned the balance of values that had persisted throughout the Middle Ages. England did not feel the change immediately, for Spain did her best to retain all the bullion for herself, but to no purpose. She neglected or starved her productive industries and came more and more to rely on Italy and the Netherlands for manufactured articles. Thus the wealth of the Spanish Indies passed into general circulation, and with the growth of her foreign trade England soon began to obtain her share. Increase of the amount of money in circulation naturally produced a further rise in prices, and this was still further accentuated by the growing use of substitutes for coined money—instruments of credit such as bills of exchange, which were now becoming quite common, especially in foreign trade.

“THE DIALOGUE.”—The rise of prices caused great dismay, and many foolish remedies were proposed, for everybody blamed everybody else. The “Dialogue of the Common Weal of England,” however, discussed these questions sensibly. This work was published in 1549 and reissued in 1581, and the author (probably John Hales, M.P. for Coventry) made various characters put forth their explanations. It is noteworthy that the Doctor proves that debased coinage was a cause, and suggested as a remedy the reissue of pure money.

RESTORATION OF THE COINAGE, 1559–1561.—Under Elizabeth (1559–1561) a scheme for restoring the coinage was carried out. It was a very difficult matter, but it was cleverly managed. The Government bought

up immense masses of the debased coinage by weight, not at its face value ; 632,000 lbs. of coin produced 246,000 lbs. of silver. The bullion was recoined into pieces of superior fineness, while the price of the base coin remaining in circulation was called down first to  $4\frac{1}{2}d.$ , then to  $2\frac{1}{4}d.$  Soon these coins disappeared, and the coinage was restored. Gold coin had not been systematically debased, so the ratio between gold and silver had fluctuated wildly from time to time. In 1559 the ratio between the two metals was fixed at 1:11'79. Fortunately both France and Germany adopted a very similar ratio at the same time, so monetary troubles largely disappeared. However, the ratio tended to go up and varied between 13'5 and 15'5 a few years later. Men were very surprised that prices did not fall with the restoration of the coinage, for they did not realise the influence of the American influx until a good many years had elapsed. The first to do so in England was "W. S.," who reissued the "Dialogue" in 1581 ; but Bodin in France, 1574, had already arrived at something like the same conclusion.

EFFECT OF RISING PRICES ON TAXATION AND THE CROWN REVENUE.—It was recognised by the author of the "Dialogue" that the rise in prices was especially hard on the recipients of fixed revenues. Among these was the Crown, for much of its revenue came from land, and many other payments which it received had become fixed. Its attempts, therefore, to obtain complete control over the Customs had an economic aspect, and the eagerness of Elizabeth and the Stuarts for impositions (*i.e.* customs not authorised by Parliament) is explained.\*

\* Tonnage and poundage was voted to the sovereign for life at

“Tenths and fifteenths” had been originally a tax upon movables, but as continual revaluations were impossible they had become crystallised by the fourteenth century into a fixed amount for each county. A few attempts at reassessment were made, *e.g.* an elaborate experiment in that direction was tried in 1404, but so reluctantly that a clause was inserted stating that it should not be considered a precedent, and that the documents should be destroyed (apparently the levy was about 5 per cent. on land and  $\frac{1}{4}$  per cent. on goods). In 1472 another proposal for revaluation was made, but it was never carried out.

Under the Tudors the growing expenses of government necessitated an improved system; accordingly in 1514 a scheme of revaluation was carried through. The “Subsidy” was introduced imposing a definite percentage on all people possessing land or movables to the value of £20. This valuation, however, was not kept up-to-date, and the tax tended also to become a fixed sum.

About 1600 a subsidy amounted approximately to £240,000, but the taxation was most unequally distributed, and petitions for relief both from counties and towns were frequent.

the beginning of each reign from 1402 onwards. Under the Tudors the practice grew up of imposing additional duties without consent of Parliament. As these impositions were so arranged as to give additional advantages to English merchants they were not at first unpopular. In 1534 Henry VIII. was authorised by Parliament to rearrange the whole scheme of rates. The underlying idea of this extension of royal prerogative was that the king, being responsible for the defence of the realm and the protection of commerce, had a right to arrange the sources of revenue employed for that purpose (Cunningham, i. p. 489).

## CHAPTER IX

### WAGES AND PRICES—THE POOR LAW SYSTEM— APPRENTICESHIP

**PROSPERITY OF THE LOWER CLASSES IN FIFTEENTH CENTURY.**—Thorold Rogers has said that the fifteenth century was the "golden age of the wage labourer," founding his statement upon a favourable comparison of wages and prices, while allowing a generous margin for irregularity of work and the numerous Church feasts. The fifteenth century was also the age of sumptuary legislation which prohibited too luxurious dress; this is an additional reason for inferring that the lower classes were prosperous. Fortescue in his writings also draws a rosy picture of the condition of the lower class in England in his time. The spread of the wool manufacture enabled women and children to add something to the family earnings, so we are probably right in concluding that the fifteenth century was more prosperous in most ways than the sixteenth, when social disorganisation led to much distress.

**THE PROBLEM OF POVERTY.**—The break up of the old mediæval system marked the beginning of the modern problem of poverty. The labour statute of 1388 first distinguished the "sturdy beggar" from the honest labourer out of work, and the institution of almshouses under municipal control dates from the



fifteenth century. Thus these problems did not originate in the sixteenth century, though in the course of it they undoubtedly became more acute. It is a mistake, however, to suppose that social distress was particularly bad, or that it was worse than ever before. It should be remembered that the sixteenth century was able to voice its grievances in a way impossible to earlier times. What really happened was that a higher standard of civilisation and humanity brought these problems more under public notice.

**STURDY BEGGARS.**—In the sixteenth century there were, it seems, many turbulent and lazy beggars. Many may have been ex-retainers, and ecclesiastical changes doubtless let loose on the country Church hangers-on of various kinds. Again, although monastic charity was no real blessing to the people, its sudden cessation must have caused distress. The narrow exclusive ideas of the Middle Ages made it very difficult for a man to get from one groove into another ; and as England became increasingly industrial, disturbances abroad, particularly in the Low Countries, caused industrial unemployment here.

**EFFORTS TO PROVIDE REMEDIES.**—Wolsey used to order the merchants to buy cloth so as to prevent unemployment among those who made it, and Burleigh enjoined the clothiers to maintain their output in order to keep the workers going. These expedients, of course, were crude and did not go to the root of trade depression. There was an increasing consumption of foreign goods, against which pamphleteers inveighed, for the theory ran that it was good to sell to the foreigner for gold, and to buy as little of his goods as one could. This form of the protectionist theory is a fallacy :

probably very little displacement of labour was caused by these foreign imports.

**MUNICIPAL EXPERIMENTS.**—Different towns tried to deal with the pauper problem in different ways. Some of them set up granaries to provide for times of social distress: they bought corn cheap and sold it at cost price when a bad year came. Licenses to beg were given to individuals in London and at Ipswich: hospitals for relieving the impotent poor were re-organised; Sunday collections were made, and in London a rate of one-thirtieth was levied on householders. Under Edward VI. the experiment was tried of setting the London poor to work. Bridewell was handed over as a place where people were taught to labour, and was filled with pauper children and regular vagrants. The majority of these schemes, however, failed to give any permanent relief.

**STATE INTERVENTION.**—The State now tried its hand at these problems. After 1530 the Government made attempts to improve the circulation of corn and to fix its price; but up to 1558 it was not very successful. The Council also adopted the policy, already initiated by the towns, of giving relief to the poor in money. Proclamations urged people to do their duty to the poor, and a statute of Henry VIII. tried to extend the practice of licensing deserving beggars, who were, however, allowed to beg only in their own hundreds. Meanwhile Parliament became gradually more and more severe against the unlicensed and undeserving beggar: during a few years of Edward VI.'s reign the lazy vagabond could be enslaved, but the usual deterrents employed were the stocks, whipping, and branding. The middle of the century was marked by a

series of statutes for raising money for the poor. Local collectors were appointed who were to "ask gently": a little later the justices of the peace were enjoined to "persuade and move charitably." If men refused to contribute they might be assessed, and if they again refused they might be imprisoned (1563).

The Elizabethan Government was maternal in character, so Elizabethan statesmen naturally gave great attention to this subject, and tried many expedients for dealing with it. The labour system and the problem of the poor were closely interwoven. To begin with, the Government tackled the question of prices and the food supply. In 1572 farmers were ordered to sell their supplies of corn, and in 1587 elaborate machinery was devised to enforce this order. Local juries were appointed to survey local stocks of corn, and when the amount was ascertained the justices had to see that it was sold. This device was considered a success, so similar experiments were made between 1594 and 1597, when the poor problem forced itself still more prominently to the front. Meanwhile the municipalities had continued to experiment in different ways—Norwich going so far as to make a census of its poor and of their occupations.

**HARSH MEASURES FOR VAGRANTS.**—Drastic treatment was meted out to vagrants, local authorities being encouraged to whip severely those whom they caught. In 1572 Parliament produced an elaborate statute which classed as vagabonds (*a*) all able-bodied persons with no occupation, no land and no master, who refused to work; (*b*) all persons who lived by palmistry and such arts; (*c*) fencers, minstrels, bearwards and suchlike, if without licenses; (*d*) all scholars begging

without the vice-chancellor's license, and ordered them to be dealt with after their kind. In 1572 also a statute extended the compulsory system adopted in 1563 by ordering all persons to be assessed for a poor rate—the funds to be expended in finding work for all persons willing to undertake it. In 1571 it was proposed to erect workhouses, and in 1575 an attempt was made to enforce the provision of work all over the country. Local authorities were encouraged to collect stocks of wool so as to provide work for the poor, and houses of correction were set up to deal with those who refused. After several years of dearth (1594–97) many different suggestions for solving the difficulty were submitted to two committees (one of each house), containing the best brains in the country.

THE STATUTES OF 1597.—The result of these deliberations was seen in the statutes of 1597. The parish was made the unit: the churchwarden and the overseers of the poor the authorities. The overseers were appointed annually by the justices and were responsible for collecting the rates. The richer parishes could be called upon to give help to the poorer. Pauper children were to be apprenticed to trade or agriculture, adults were to be set to work, and the impotent poor relieved. A separate statute dealt with houses of correction and the whipping of vagabonds. These statutes were re-enacted in 1601 with slight alterations and then became permanent.

APPRENTICES' ACT.—In 1563 was passed the great labour statute known as the Statute of Labourers or the Statute of Artificers.\* It was an Act dealing with all classes of labour, and professed to be a codification

\* Commonly known as the Statute of Apprentices.

of all previous laws dealing with the matter. In the preamble it was stated that many of the laws were not working well and must therefore be amended. The central idea of the Act was probably less modern than is generally supposed, for it embodied a definite attempt to stereotype the grades of society and keep people fixed in them—which is characteristic of the Middle Ages. It also tended to stereotype the difference between town and country, and if it had worked with success we might have had a real differentiation between them, with different laws applying to each. Anybody without distinction of rank could be set to learn agriculture or some purely rural craft, such as those of a smith, carpenter or wheelwright; he might also be put to linen weaving, which was largely a village craft, or woollen weaving (if confined to the making of rough cloth only). For other crafts a number of ascending property qualifications were fixed. The fact that a seven years' apprenticeship was necessary precluded a man from changing his profession, and a period of apprenticeship was insisted upon in every vocation except agriculture. Even in this it is likely that the system would have been adopted, had it been feasible to do so.

The Act tried to stabilise employment by introducing the yearly hiring of journeymen, and also limited the number of apprentices as compared with the journeymen. All persons without property could be forced to work at any trade in which they were skilled: if unskilled they were to be set to agriculture. Even artificers who were temporarily out of work could be forced to help on the land at harvest-time. These clauses seem harsh; but they are not unnatural, nor

were they altogether unreasonable. When a man left a situation he was to receive certificates from his master and from the local authorities showing him to be a respectable person to employ.

We need not imagine that this elaborate system ever became thoroughly established. The statute was not by any means carried out to the letter, but the seven years' apprenticeship certainly became usual, though not universal. The clauses about annual hiring and certificates, however, remained a dead letter.

WAGE ASSESSMENT.—The language of the preamble of the statute was quite humanitarian, and there is no need to doubt that those who framed it meant what they said. The assessment of wages locally by the justices was no new idea, for the legislature had often fixed a maximum before; *e.g.* in 1496 and 1514 we find statutes containing maximum rates, which soon became inequitable owing to the rise in prices. According to the Act of 1563 the justices were to fix wage lists for the year. This they did with some regularity under Elizabeth, and apparently took some care to do it reasonably. There is no reason to think that the rates differed much from what they would have been without legislative interference, but probably they were slightly lower.

SURVIVAL OF MEDIÆVAL SYSTEM.—For years after this statute nobody but a freeman of a particular town was allowed to practise certain trades within its boundaries. There were twenty-five craft guilds in Bristol as late as 1700; and these lasted in name, at any rate, till about 1730. So we see that for another 150 years mediæval methods survived in many places, particularly in the more backward parts of the country

Even in the seventeenth century there was still a sharp distinction in Scotland between the merchant guild and the craft guilds: and in Northumberland the old-fashioned merchant guilds existed right down to 1688. The practice varied in different places, so it is impossible to generalise.

LONDON AND THE GUILDS.—In London—the extreme case of development—the distinction between the capitalist and the old mediæval master craftsman was clearly marked. The larger companies still continued to absorb the smaller, but a curious reaction set in at the end of the sixteenth century. In a few instances smaller companies previously absorbed broke loose again, and in other cases new incorporations were made under Elizabeth and James I. (1560–1630). This was due to the reaction of the master craftsman against the capitalist. Under Elizabeth we first hear of the “master-piece,” an example of his craft which the journeyman had to show before he could obtain admission to mastership. When a new company sought incorporation, or an old company reincorporation, it got into touch with some patentee who undertook to watch its interests at court.

The history of the companies outside London at this time is rather obscure. There was considerable reconstruction, reorganisation, and amalgamation; sometimes very bold changes were made, *e.g.* in Hull, where the goldsmiths were made to include the plumbers, musicians, and bookbinders.

## CHAPTER X

### THE EXPANSION OF TRADE UNDER ELIZABETH

ECONOMIC POLICY OF THE GOVERNMENT.—The internal economic policy of the Elizabethan Government aimed at the exaltation of the State at the expense of the individual, and there was no side of national life which escaped Burleigh's attention. Industry was one of the many things which he considered it his duty to regulate. More interested in the fostering of home industry than in the discouragement of foreign imports, he did not hesitate to bring in foreign workmen. German miners were brought to Cumberland in 1565, and other foreigners were also introduced to develop the salt industry; while refugees from Alva's tyranny were encouraged to settle in England. Their intrusion was not accepted without challenge: there was one bad riot against foreigners in 1586, and a few minor outbreaks besides.

MONOPOLIES.—Patents were granted systematically, and individuals were granted the monopoly of any new industries or new methods that they might introduce: *e.g.* monopolies were given in the sulphur and saltpetre industry; also in salt, glass, and soap. New trades were exempted from the labour code; so there was a great expansion of industry outside the regulations, which therefore became of less and less importance.



THE CONTROVERSY OVER USURY.—Before the Reformation there had been numerous devices for evading the ecclesiastical prohibitions against usury. Luther, however, went back to the old thirteenth century doctrine, though after his time continental reformers gradually receded from the position he had taken up. Melancthon defended moderate interest, and Calvin exposed the fallacy that money is barren. After justifying the general principle of usury, he went on to limit the amount of interest which ought to be charged in cases of distress, thus taking up the modern theological view, which condemns only the grinding down of the poor.

Henry VII.'s Government, however, accepted the mediæval conception of it, and a statute was passed condemning usury in any form. Money-lending, apart from the moral objection, was considered an unproductive employment of capital ; beside this, those folk who made profit out of the foreign exchanges were particularly objectionable to the Government ; but this statute was always evaded. Towards the end of Henry VIII.'s reign the matter came up again. In 1545 a new statute, which began by acknowledging the failure of previous legislation, made a break with the old policy, and allowed interest up to 10 per cent. with some important exceptions. Edward VI. returned to the old policy, but in 1571 still another statute admitted that this was a failure also, and a reversion was made to the policy of 1545. The Act was first passed for five years ; but it subsequently became permanent, and lasted in principle till 1854. In 1624 the maximum rate of interest was reduced to 8 per cent. ; in 1661 to 6 per cent. ; and in 1714 to 5 per cent. Later these

Acts were largely a dead letter, but the reduction of the maximum rate is interesting in that it shows the decline in what was considered fair. From 1854 there were no laws limiting interest till 1900, when the Money-Lenders' Act was passed.

**BURLEIGH'S ENCOURAGEMENT OF SHIPPING.**—Burleigh was intensely interested in the shipping industry, which he encouraged and developed as far as was consonant with the Elizabethan policy of economy. Plantations of timber near the coast were reserved for shipbuilding; the growth of hemp and flax was encouraged; canvas weaving was developed, while piracy was sternly suppressed. There was also a systematic attempt made to foster the fishing industry as a nursery for hardy seamen. The observation of Lent \* had been enjoined by law in 1549, and Burleigh carried on this policy: but by an Act of 1563 exemption from the duty of eating fish on Wednesday and Friday could be bought at the annual rate of 6s. 8d. for a commoner, and twice that amount for a knight, though no license for eating beef upon those days could be obtained. The funds derived from this source went into the poor box.

**THE NAVIGATION POLICY.**—Burleigh did not reverse the navigation policy, but he did not press it. He acquiesced in its existence but was never enthusiastic about it. He pointed out that the policy led to violent retaliation on the part of foreign Powers, and under these circumstances he questioned the advantage of maintaining it. Staplers were authorised to employ

\* Restrictions on the eating of meat on Fridays, Saturdays, the Ember Days, Vigils, and during Lent were maintained in order to encourage the fishing industry.

foreign ships without paying any extra tax if they were unable to secure English ; and ships carrying corn and naval stores were altogether exempted from penalties. The Act of 1558, which contained the foregoing provisions, embodied the general feeling under Elizabeth ; but in 1563 the old policy was brought into operation against French wines and woad, which might only be imported in British ships.

CORN AND WOOL POLICY.—Burleigh's corn policy was designed at once to foster the mercantile marine and to encourage agriculture. Statutes relating to the corn trade were passed in 1562–3 and in 1571, the first of which allowed the export of wheat when the price was not above 10s. per quarter ; of barley when the price was below 6s. 8d., and of other grain in similar proportion. The fixed prices were found to be too low, so the Act of 1571 was passed to modify the scheme and to make it more elastic. Corn growing was in this way encouraged by promoting export, but we cannot say whether any real increase in the harvest resulted.

As the cloth trade developed the export of raw wool declined ; and there was accordingly no Government interference with this industry in this reign.

EXPLORATION.—Burleigh was much interested in exploration and adventure, and all parts of the world were now visited by Englishmen. Trading voyages to the Indian Seas began about 1580 ; Jenkinson followed Willoughby in the Russian trade, visited Ivan the Terrible's court, pushed down the Volga and crossed the Caspian into Persia, where he interviewed the Shah. Frobisher tried to force the N.W. passage, and was followed by Davis, Hudson, and others.

Hawkins, Oxenham, Drake, and Gilbert explored in a south-westerly direction. Gilbert failed in the first attempt at colonisation in 1583, and nothing permanent was achieved under Elizabeth; but Virginia was definitely settled under James I.

**ELIZABETHAN COMPANIES.**—Many regulated companies, which may be regarded as the descendants of the old mediæval guilds, were formed or reorganised in Elizabeth's days. They were bodies of recognised individuals who had the right to exclude outsiders; but they did not act corporately and traded quite independently of one another. At this time it was a difficult matter to secure a trade footing abroad, so royal charters were a useful assistance. It was also convenient for the Government to have the trades labelled, regulated, and controlled in companies, for it facilitated taxation. "Interlopers," however, gave much trouble to both the Government and the companies.

**THE STAPLERS.**—The Staplers were really part of the administrative machinery of the Government. Wool, hides, tin, and lead were the commodities in which they dealt. They received a crushing blow when the French took Calais: this, with the declining export of raw materials, caused them to sink into an insignificant position, but they struggled on till 1660, when the export of wool was prohibited. A shadow of the old name "the Company of the Staple of England" existed till twenty-five years ago, and to this day a wool merchant in various parts of England is called a stapler. However, the Staplers disappeared as an important body under Elizabeth.

**THE HANSARDS.**—The career of the Hansards in England came to an end at the same time. Down to

the reign of Richard II. these Hanse merchants had special privileges before Englishmen, and under the Lancastrians their position was identical with that of the native merchants. Edward IV. maintained them against his better judgment, but under Henry VII. they began to fall on evil days. Their unpopularity was great, and the whole trend of commerce helped to diminish their importance. The Baltic in its turn suffered eclipse just as the Adriatic had done: the growing royal powers of Europe were destroying the international importance of the Hanse, and for some unknown reason herrings ceased to enter the Baltic, which deprived them of this branch of their trade. Still under the Tudors one-fifth of the cloth exported passed through their hands.

RIVALRY WITH THE ADVENTURERS.—During this period they had to fight a duel with the Merchant Adventurers, who had been reconstituted by charter. In 1505 the latter acquired a complete monopoly in unfinished cloth from the Somme to the Baltic, and through this area they controlled trade almost completely. Their great foreign mart from 1494 was Antwerp; and in England their headquarters were in London, with local branches at Exeter, York, and Newcastle. Owing to troubles in the Netherlands Antwerp became unsafe, and Elizabeth's Government forbade the Hansards to export cloth, though later a license for a limited number of makes was granted them. The Adventurers therefore sought a footing in Hamburg and negotiated with its Senate. The Hansards protested fruitlessly against the prohibition of export, and finally offered the Adventurers a foothold in Hamburg, which they kept from 1557 to 1577.

Other towns resented this, and at last Lübeck managed to get the Adventurers ejected. In retaliation the Hansards were turned out of London and the Steelyard was confiscated.\* Further involved negotiations resulted in very generous offers by Hamburg, which were accepted in 1611; and as a result the Adventurers' headquarters remained there for two centuries till Marshal Mortier seized their property in 1806-7. The last vestige of power and importance of the Hansards vanished in the turmoil of the Thirty Years' War.

Some of the Elizabethan Chartered Companies had long and distinguished careers, but others were short-lived and unsuccessful. The Muscovy Company was never very prosperous, and complaints were frequently made about its oligarchical management: it is said to have made the earliest experiments in joint-stock management. Other lesser known companies were the Eastland Company (1579), which was a rival of the Merchant Adventurers, the Barbary Company, and the Company of Spain and Portugal. The two greatest and most successful were the East India Company and the Levant or Turkey Company, details of which will be found in Chapter XII.

\* It is an interesting fact that some of the best of the Armada ships were chartered from the Hansards (Ian Colvin).

## CHAPTER XI

### AGRICULTURE AND COMMERCE IN THE SEVENTEENTH CENTURY

THE BREAK-UP OF THE OLD AGRICULTURAL SYSTEM.—In the seventeenth century agriculture was still the most important industry in England. There is evidence that the old open-field system had been considerably modified, especially in the more progressive districts. Even where enclosure had not taken place the strips had been consolidated into compact holdings: these had become irregular in size by a process of exchange and purchase, and in some manors the waste had been curtailed almost to vanishing point. Sometimes it was entirely divided up by mutual agreement between the lord of the manor and the cultivators. In Durham, a backward county, this process was going on between 1633 and 1700, for we find on the bishop's land alone twenty-eight cases of enclosure by agreement, while study of the records of other counties shows the same process in operation.

ENCLOSURE OF LAND CONTINUES.—A pamphlet written by one Cooper, and dated 1732, states that one-third of England had been enclosed in the previous eighty years, and if these precise figures cannot be accepted, they certainly do prove that enclosure must have been brisk during the preceding century.

However, although enclosure continued throughout the seventeenth century, its character was changing, as was also the attitude of the people towards it. In 1592 the Government hoped to be able to drop the measures against the enclosure of arable land for pasture as the price of corn was going up, while that of wool was not ; but the four years of dearth between 1593 and 1597 revived the outcry against the graziers.

ATTEMPTS TO CHECK.—In 1597 the break-up was ordered of all enclosures made since 1558, and in 1607 there were enclosure riots. Measures were taken to check the progress of depopulation in Warwickshire. In 1619 the matter came up again, but it was decided that the grievance did not materially affect the national welfare. As fresh land had been brought under the plough, the actual corn-growing area was increasing, although in some places arable land might have been turned into pasture. From 1625 to 1630 there seems to have been an increase of activity in the enclosing of land, and further complaint led to reports being sent in from the local justices to the Government. The evidence which they gave was conflicting : some reported that the grievance was unimportant, while others, *e.g.* Leicester, took the opposite view : at any rate, no very vigorous action was taken in consequence of the inquiry. In 1635 some enclosing-offenders were let off with a small fine, and this is the last we hear of Government interference : though the fact that there is mention of " enclosure " in articles 31 and 32 of the Grand Remonstrance shows that it was still a popular cry in the middle of the century.

ENCLOSURE ENCOURAGED AFTER THE RESTORATION.  
—In 1640 the system by which the Privy Council



directed and supervised administration in detail was overthrown, and at the Restoration a new spirit had entered the Government. We find no evidence then of hostility to enclosures, and the attitude of the Government was on the whole sympathetic towards it. Enclosure was now resorted to for the purpose of cattle-breeding rather than for sheep-farming, and it may be noted that cattle need more labour than sheep, and their care can be combined with arable farming.

Much progress was made in fen draining during the century, details of which are given in Cunningham, vol. ii. pp. 112 *et seq.*

COLONIAL EXPANSION.—The colonial and commercial aspect of the seventeenth century is perhaps more important than the agricultural. At the beginning of the century the nation had not yet established itself anywhere abroad, but had acquired an ample store of energy and experience which soon began to show results. Under James I. Virginia became a reality, the first factories of the East India Company were established, and Barbadoes and the Bermudas were colonised. Under Charles I. the foundation was laid of settlements in Carolina, Long Island, and Maryland. Guiana and Antigua were occupied (though the former settlement seems to have perished), a factory was founded at Madras and a settlement at Gambia. Under the Commonwealth St. Helena, Jamaica, and the mouth of the Ganges were occupied, and after 1660 the Hudson Bay Company was formed and settlements were made at Bombay, Lagos, Tangier, New York, and Pennsylvania. The motive which led to the colonising of New England, Maryland, and Pennsylvania was religious; while the West Indies were colonised

through rivalry with Spain. In many cases the colonies became a dumping-ground for English undesirables, and "transportation," *i.e.* the export of criminals and political offenders to our oversea dominions, went on for the next 150 years.

TRADE PLANTATIONS.—The long, dreary story of the Plantation of Ireland need not be related at length, but it continued all through the Stuart period and after 1688. There was as yet little idea of the colonies as an outlet for an overflowing population, for there was none to spare. During the seventeenth century, however, the development of trade and shipping provided a more weighty motive towards colonial expansion: what was wanted was external trade, free from interference in the shape of wars or prohibitions; and statesmen rightly held that plantations fostered the mercantile marine. To take a pertinent example, we were formerly dependent upon the Baltic countries for pine timber and pitch, and it was reasonable to desire a source of naval supplies which was not liable to be cut off in time of war—and an additional advantage was that the colonial trade was confined strictly to English merchants. The Stuarts were keen colonisers: they expended time and sympathy upon plantations and would have expended money, had they ever had any. Cromwell was not particularly interested either in trade or the Navigation policy, but his colleagues and contemporaries were. After the Restoration Clarendon was most assiduous in developing the colonies, while Charles II. himself was consistently sympathetic. Between 1660 and 1665 a "Board of Trade and Foreign Plantations" was set up, and it is from this that the present Board of Trade

is directly descended, though colonial affairs have long since been transferred to a separate department.

**THE NAVIGATION POLICY.**—The English navigation policy was shaped by our rivalry with the Dutch, and, to a lesser extent, by the development of our colonies. The North Sea fishing industry was almost entirely in the hands of the Dutch ; the herring trade was the earliest source of their wealth, and the basis on which was built up their oversea trade, their sea power, and their colonial empire. Burleigh and his contemporaries were much interested in fostering fisheries, and Charles I. ordered the Dutch off our coasts,\* though he could not prevent them fishing on the high seas. Afterwards disputes grew apace, and the desire for the Dutch carrying trade finally brought us to war with them. Under the first two Stuarts the colonies were hardly important enough to call for any statutory policy, but Charles I. issued a proclamation giving English ships the monopoly of such trade as there was.

**THE ACT OF 1651.**—The Navigation Act of 1651 was exceedingly drastic and, disregarding all consequences, simply enacted that—

(i) All goods from Asia, Africa, and America must be imported by ships belonging to the English or to colonials.

(ii) European goods must come in English ships or in ships of the country which produced them.

(iii) No alien might have any share in the coast trade, or import fish.

This Act was far from being universally popular in England : in fact, it was distinctly unwelcome outside

\* The first levy of ship-money, 1634, was used to equip a fleet for this purpose.

London. The shippers of the outports considered that the Act unduly favoured their London rivals. They argued that as they themselves could not afford long voyages, the Act benefited only London traders : they also complained that Londoners had facilities for obtaining licenses to break the Act. (At this time there existed considerable friction between London and the outports.)

MODIFICATIONS IN THE 1660 ACT.—The Act of 1660 extended and modified that of 1651 as follows : There was no great change in section I., but it was laid down that three-quarters of a crew must be English. (Some authorities have made the mistake of supposing that English ships must be English built, but this is not correct : they had to be English owned, and predominantly English manned.)

For section II. was substituted a list of important goods, including those from Russia and Turkey, to which this particular restriction (about transport) applied ; but although modified to some extent, it probably hit the Dutch as hard as the more sweeping clause of 1651. The duties on goods carried in ships of the country of origin were also increased, which gave a preference to English-borne goods.

Section III. was apparently unaltered, and the proclamation of Charles I. confining colonial trade to English merchants was repeated.

EFFECT OF ENGLISH POLICY ON SCOTLAND.—The policy caused friction between England and Scotland, for economically the Scots were regarded as aliens until 1707. The Navigation Acts did allow them to import corn, salt, and fish in Scotch ships, but they were shut out of the colonial trade. They accordingly adopted a

policy of commercial retaliation, and the Act was soon after eased a little in consequence. In 1663 English ships were permitted to touch at Scotch ports to pick up victuals, and to import "servants" to the colonies. These last were in reality white slaves—vagabonds, criminals, and (in some cases) Covenanters.

The economic history of Scotland bears a much closer resemblance to continental history than to English. Scotland was very backward in economic life: until 1616 there was actually no agent of the Confederated Boroughs of Scotland in London. Between 1660 and 1690, however, endeavours were made to foster industries in Scotland behind the shelter of a protective tariff, and this led to much smuggling. French goods found their way into England via Scotland, and wool was smuggled out across the border. After 1660 it was made illegal to export wool from England, but it went out nevertheless. All these circumstances produced friction between the Governments. So it need not surprise us that the English Government was annoyed by the Scotch trading with Holland during the period of Anglo-Dutch hostility.

We see, therefore, that up to 1707 we did our best to exclude the Scotch from colonial trade; but a good deal was actually carried on surreptitiously, for the rough manufactures of Scotland were popular with the colonists. The Darien scheme of 1695 proposed to make Panama a free port under Scotch control, through which all the commerce of east and west was to flow. It failed disastrously, and the failure caused further ill will towards England.

RESULTS OF THE UNION WITH SCOTLAND.—The ultimate effects of the Union of 1707 were economically

advantageous to Scotland, which made rapid strides in the second half of the eighteenth century: the immediate effects seemed harmful, for free trade with England was at first hurtful to the struggling and less advanced manufactures of Scotland. The systematic absenteeism of the nobles, which was encouraged by the Union, was also an undesirable feature, and some friction was caused by the inclusion of Scotland with England in the arrangements of fiscal policy. The later effects, however, of the Union were good, as we have said.

EFFECT ON DUTCH TRADE.—There is no direct proof that the navigation policy and the decline of Holland are connected. The political decline of Holland can be traced to other causes, and in a commercial sense Holland did not decline at all: England merely moved faster than she did, and forged ahead by virtue of her superior size and resources. The first effects of the Act were not disadvantageous to the Dutch. The colonial trade from which they were excluded was neither large nor important, and the Navigation Act did not touch their great Baltic trade nor their West Indian connection. It is said rather to have checked English Baltic trade, for the restrictions it imposed caused the English to withdraw from that quarter, to the consequent advantage of the Dutch. The Act also increased the cost of shipbuilding, which in its turn hampered the English competition with the Dutch. Thirty years after the Act came into force, Child in a pamphlet complained that the Dutch were gaining ground, so it seems as if contemporaries at least did not observe its supposed crippling of the Dutch trade.

THE NAVIGATION ACT AND OUR COLONIES.—The effects of the Navigation policy on the relations between Britain and her colonies between 1660 and 1770 were more important. The Navigation Act was largely evaded by the North American colonists, for restrictions could never be enforced upon a thinly-populated country with 1300 miles of coastline. However, the colonists had been using Dutch ships, and the Act was unpopular in consequence: moreover, their feeling of resentment was increased when we took New Amsterdam in 1664, for the loss of this base made the position of Dutch shipping in America much more precarious. The Act certainly encouraged shipbuilding in the colonies, where there was every facility for this industry: so we find that in less than twenty years they were selling ships to England. English shipbuilders objected to this, but the Government declined to interfere.

HOW AMERICAN TRADE WAS HAMPERED.—Restrictions were imposed on the American export trade: tobacco, cotton, sugar, ginger, indigo, and certain dyeing materials had to be exported to England only. Except in the case of tobacco these restrictions were at first unimportant, for it should be noted that none of these goods were exported by the New England states, which traded in fish, rum, and ships.

The only person really affected was the tobacco planter. He might have exported direct to Northern Europe, but England was the natural depôt for trade with Northern Europe. On the other hand, colonial tobacco was favoured in a marked fashion. Tobacco growing is possible in England, but it was stopped on behalf of the colonies, which were thus compensated for the restriction. We actually gave a bounty on the

export to England of colonial naval stores, and did not interfere in any way with the fish trade. On European goods exported via England to the colonies a rebate was allowed, which was so considerable that goods were cheaper in America than in England. These rebates were reduced in 1763, but prices of American imports still compared favourably with prices of similar goods in England, so the colonies had really no ground for complaint.\* We did, however, extend the list of articles which could only be exported to the mother country: it was made to include, in 1706, rice and naval stores. The restriction on rice was a real hardship, but, as the result of complaints, it was much eased in 1730 by permission to export to the Mediterranean countries, where most of the demand for it existed.

RESTRICTIONS ON MANUFACTURES.—Manufactures were also restricted. In 1699 the colonies were forbidden to export wool-yarn or cloth even from one to the other; in 1732 the same embargo was placed on hats; in 1733 prohibitive duties were imposed on the import of molasses and rum from foreign colonies to English, and in 1750 steel furnaces and slit-mills † were prohibited in America. On the whole, the amount of damage done to trade by these Acts was very small.

LITTLE OR NO DAMAGE DONE TO COLONIAL TRADE.—The Act of 1699 was not felt, for all manufacture, such

\* The shipments of tea, which were the occasion of the Boston riots, were exported via England duty free, and could consequently have been sold in America at a much lower price than that current in England.

† A slitting mill is one by which iron bars or plates are cut into narrow slips, such as nails, rods, etc. The word is also used to describe a machine used by lapidaries.



as it was, was local : exports from state to state were few in number, and, moreover, smuggling was very easy. The objection was, therefore, based rather on principle than on actual experience. When the Act of 1732 was passed the manufacture of hats was small and decreasing : there was, however, a small export which could be stopped, and in so far as this was the case, an industrial grievance was created. It used to be thought that all iron wares were prohibited by the Act of 1750, but it did not interfere with country forges ; it only prohibited steel-furnaces and slit-mills, and it must be remembered that in return we gave a preference to colonial pig-iron and wrought-iron bars. Rum, however, was the staple medium of exchange for slaves in Africa and the West Indies, and the prohibitive tariff of 1733 would have caused serious trouble if it had not been systematically evaded. Lastly, it must not be forgotten that England bore the whole burden and expense of wars waged for the defence of her colonies.

Professor Ashley states with good reason that there is little substance in the so-called economic grievances of the colonies, but most controversies have their origin in theories. Certainly England meant to retain for herself the more highly-developed industries, and to restrict the colonies to those which were ruder and rougher : no doubt the colonists disliked the implied inferiority and the lower level of economic development assigned to them.

## CHAPTER XII

### THE BEGINNINGS OF OUR FOREIGN TRADE

THE CHARTERED COMPANIES.—Chartered companies were subjected to much criticism in the Stuart period, but they were still the recognised method of conducting trade.

THE EAST INDIA COMPANY.—The greatest of them was the East India Company. The first voyages of English merchants to India had taken place in 1589, and in 1599 the Indian merchants sought incorporation as a joint stock company.\* In 1600 they received a charter, giving them freedom from the customs for four years and the right to export coin and bullion to the East. Modifications were made every time this charter was renewed: finally in 1659 a permanent capital fund was created and, as the amount of stock thus became fixed, the company began to resemble closely a modern joint stock concern. Its early history is the record of a struggle both with the interlopers and with foreign East India companies, with whom there was constant rivalry, often leading to bloodshed.

Criticism of the company continued from its foundation down to its more permanent settlement after 1660. It was accused of diverting capital from

\* In early times members of the company subscribed a "fund" for each separate venture. There was never any private trading.

home industries: it was said that the shipping of England was sent too far away on long voyages: and its monopoly was severely criticised. This was mainly a quarrel between London and the outports, for the East India merchants were predominantly Londoners. We now for the first time come across the words "free traders," which meant objectors to the system of assigning trade exclusively to companies by charter. Bills introduced with this object (*i.e.* exclusive trade) were thrown out by the Lords, and later a proposal was put before Sir Harry Vane's committee of trade to make the ports of England free for re-exportation.\*

For a few years preceding 1657 the African and Indian trades were free, but Cromwell evidently gravitated back to the old view, for he re-endowed the companies with their charters. The Indians did not want cloth—our main article of export—so the company received permission to export bullion.

THE BULLIONIST FALLACY.—This concession was looked upon with suspicion by the public, for gold and silver were regarded with superstitious veneration, and the commonly accepted view was that one should never buy more than one sold, for the difference would have to be paid in bullion. Even if this doctrine of balance were true (which it is not), it was not essential that the balance should be "favourable" in every individual branch of trade so long as the total national accounts came out on the right side. All the same, much unnecessary trouble was taken and much time was wasted in inquiring whether particular trades were "gaining" or "losing."

\* This was the bonded warehouse system, which was afterwards introduced by Walpole.

In the doctrine itself there was an element both of sense and of nonsense. It was desirable for national stability, especially in war time, that the king or Government should accumulate money. The only form of hoarding before the days of credit and joint stock investments was the accumulation of bullion,\* so the desire to do so was quite sound.

Thus under some circumstances the idea of attracting and retaining the precious metals would be good, but seventeenth century opinion, which is well shown in the writings of Munn, had not a firm grasp upon fundamental principles. Accumulation of bullion was not regarded merely as a temporary expedient, but it was considered a wise policy to keep on accumulating more gold: the result of this would be to drive up prices, and so attract foreigners to sell things till the money went out of the country again. Munn's argument in favour of the East India Company was that, though we sent out gold to buy spices and such things, we sold these commodities abroad for more money, and thus gained on the whole transaction.

MUNN'S FINANCIAL POLICY ADOPTED.—Munn's school of thought and its opponents both accepted the doctrine of the balance of trade, and disputed therefore not about principles but only about methods. Munn's ideas prevailed with the Government of the Restoration, so in 1660 a Committee of Trade discussed the policy and examined the position of the Dutch. Munn succeeded in showing to the satisfaction of the committee that the Dutch were a "bulliony" nation although

\* There are still countries, such as the South American Republics, which have not enough cash and would do well to follow this policy.

they did not prohibit export, so in 1663 an Act of Parliament sanctioned the export of bullion. Export had, of course, taken place before by license and by smuggling ; still the Act was of great advantage to the East India Company.

IMPORTS FROM THE EAST.—This company was now beginning to import eastern manufactures into England, so we find that about 1688 it was criticised from another standpoint. In addition to the old complaints that it was monopolistic, we read of new grievances arising from the import of finished goods—calico, muslins, lacquer work, and china. Being doubtful what attitude William III. might adopt towards them, the company desired to obtain complete parliamentary sanction. They spent the early years after 1688 in trying to influence Parliament, but in 1693 they received a modified charter which compelled them to export at least £150,000 worth of English goods each year. With the opening up of trade with China, a greater demand for cloth arose, but this did not satisfy the agitators, so we find that in 1700 a statute was passed forbidding the East India Company to sell oriental manufactures in England. Smuggling, however, was common, so the regulations were for the most part disregarded.

RIVAL INDIA COMPANIES.—The company was charged with monopoly and corruption : the renewal of its charter was refused, in spite of an offer of £700,000. A " New East India Company " was formed with a capital of two millions, and was granted the exclusive trade with the East Indies, while the old one was given three years to wind up its affairs : subsequently, however, the renewal was granted. By this time the

old company had become joint-stock almost in the modern sense, while the new concern was "regulated" with optional powers to trade in joint stock: this latter, therefore, was a reversion to the older type prevalent in the Tudor period.

A long struggle ensued, influenced as much by political as by commercial considerations, and finally the two companies were amalgamated in 1708. The problem of the interlopers still continued, but the company became more and more the recognised organ of English expansion in the East.

**MERCHANT ADVENTURERS.**—The Merchant Adventurers continued to exist as a trading corporation, though overshadowed by the growth of the American and Eastern trades. They experienced many vicissitudes in their relations with trade rivals abroad, with the Crown, and with the trading interests in England. They exported unfinished cloth, and the manufacturers, who wished them to export it finished, dragged out the old complaints of monopoly. After 1662 the Merchant Adventurers' Company admitted new members freely, but its operations became more and more localised. In the eighteenth century it was known as the Hamburg Company, under which name it lasted (as has been said) till 1806-7.

**OTHER EASTERN COMPANIES.**—The Muscovy Company from the start was not very successful, and was always in difficulties throughout its career; and though the Eastern Company which traded with the Baltic did better, it was never of great importance. The Levant or Turkey Company, however, became one of the greatest of the trading bodies. It imported currants from Greece, and carpets, embroidery, and

similar goods from Turkey and Egypt. It was a close company, but maintained itself all through the seventeenth and well into the eighteenth century. After 1750, however, it began to decline.

TRADING IN AFRICA.—The African companies were never very successful, though, owing to their import of gold, they were popular with the Government and consequently had a longer career than their commercial success ever warranted. The Interlopers caused a good deal of trouble and the companies were always in financial difficulties. Repeated attempts to stimulate them into activity did little good, so at last the Crown took over political work in Africa and left trade open.

HUDSON BAY COMPANY.—The Hudson Bay Company still exists, though it lost its monopoly and political rights when the Dominion of Canada was formed in 1867. It is still very active though it is now not immune from competition. It was founded in 1680 by two Huguenot settlers, supported by Prince Rupert, who was president till 1683. The founders deserted again to the French, but the company hung on in spite of difficulties till the expulsion of the French from Canada: after this it had matters all its own way. The large profits made by it in recent years have come from land sales, vast areas of unsettled lands having been left in its possession when the Dominion took over the government.

## CHAPTER XIII

### WORK AND WAGES : DEVELOPMENT OF HOME INDUSTRIES IN THE SEVENTEENTH CENTURY

MERCANTILISM.—The general economic policy of seventeenth century statesmen towards industry and commerce is known as the mercantile system—a somewhat indefinite term, first met with in Adam Smith, which may perhaps be explained as the regulation of commerce for the purpose of bringing in treasure. However, the policy of Munn, who may be taken as a mercantilist, was something more than this.

The mercantile spirit was by no means the same thing as the doctrine. It was a self-contained, aggressive, economic nationalism. National strength was its aim, and one of its tests of strength was the influx of treasure—a fallacious notion. To bring this about, every new industry was encouraged in so far as it was thought to tend to the good of the nation: but the mistake of bolstering up industries lies in the fact that we may thereby divert energy from something else which is more natural and profitable. A second fallacy lay in the belief that it was necessarily profitable to ourselves that other nations should be economically weak. The idea of self-support and independence was, and is, good in theory, and it was more advantageous then than now.\* All nations then aimed at self-

\* The war has revived this theory.



sufficiency. The antithesis of mercantilism followed in the shape of the doctrine of "laissez faire," a policy which also had its weaknesses.

PARLIAMENTARY SUPERVISION OF TRADE.—Petitions to the Commonwealth anticipated the doctrine of "laissez faire," and the breakdown of the Stuart system of government brought a change in the application of the mercantile system. Detailed supervision was no longer possible owing to the loss of power on the part of the Council, and after 1640 supervision by parliamentary statute increased. This policy became still further accentuated after the revolution of 1688, and is called by Cunningham parliamentary Colbertism.\* However, Parliament had not the machinery for making its control as effective as had been that of the Privy Council.

MONOPOLIES.—James I. came from a country where detailed regulation of industry was the rule, so he wanted to establish it in England. But the system of monopolies by which this control was exercised was very lucrative to court favourites, and many abuses occurred in connection with it. Thus when Cockayne in 1614 proposed to the Government a new method of dyeing cloth James forbade the Merchant Adventurers to sell white cloth abroad. The foreign customer, however, refused to buy dyed cloth, so James had to withdraw the prohibition. Monopolists used to pay Government for their privileges and by 1639, when Charles revoked about forty of them, the earlier

\* Colbertism, so called after the minister of Louis XIV. who created the French system of foreign trade under Government supervision and encouragement (see Wakeman's "Ascendancy of France," pp. 198 *et seq.*).

policy of assisting the smaller master craftsmen had fallen into the background. Monopolies had managed to revive after the drastic legislation of 1624 : for that Act contained exceptions, and the king created more by exercising his dispensing power. He claimed the right to control metallurgical mining, in which category were included the important copper, tin, and lead industries : these were finally taken out of the hands of the Crown by an Act of 1689, which said that no lead, iron, or tin mines should be reckoned as Crown property. The Act of 1624, too, did not prohibit the modern system of patents, and the two ideas of patent and monopoly were not clearly distinguished, so the old Act could be evaded. Such monopolies, however, as had not been revoked in 1639, were abolished by the Long Parliament.\*

The coal trade became important under Elizabeth. It had existed in a small way since the thirteenth century and by 1560 was of considerable importance, especially in London. The Newcastle mines were handed over by Elizabeth to a local company : this monopoly was exempted in 1624, and survived till the Restoration. Newcastle had the monopoly of the London market and the company regulated the output of coal, the result being a great rise in the price of coal in London. There were also monopolies in such important articles as soap, glass, and wire. The system facilitated large undertakings, put the capitalist in a strong position and subordinated the small maker and producer. Parliament disliked monopolies, probably on constitutional rather than on economic grounds, because they gave the Crown opportunities of making

\* Act of December, 1640. Monopolies were denounced and all members concerned in them were debarred from sitting in the House.

revenue. After the Restoration Parliament took charge of industry, but it absolutely set its face against monopolies ; so that England entered the eighteenth century without any special privileged manufacturing institutions. This was very important in the development of our manufactures, for they had greater freedom to expand here than anywhere else.

RISE OF THE WAGE EARNER.—From this time onward we hear less and less of the small manufacturer : the large employer is coming to the front, the distinction between employer and wage earner is widening, while the trader is becoming the direct employer of the craftsman. The first recorded strike was that of the London clothworkers in 1682. By the seventeenth century the wage earner had begun to play much the same part in society that he does to-day, although the wage-earning class was not yet so numerous. The old mediæval conditions of agrarian society had now gone. Rural society was modern in appearance—landlord, farmer, labourer : but there was also a large class of landowning yeoman farmers, which has now almost disappeared. The labourer still had some common rights, and, much oftener than to-day, had a scrap of land to supplement his ordinary earnings. At the end of Elizabeth's reign wages probably did not go nearly so far in purchasing power as they had done before. There was an unfavourable discrepancy between them and the cost of living, particularly from 1593–97 when corn was 35s. a quarter. In the seventeenth century prices did not generally rise to any extent, for though during the Civil War corn stood at 49s. the rise was not permanent. From 1683 to 1692 the average price was 34s. 5½d., and from 1703–12 it was 36s.

Meanwhile wages had risen steadily and considerably, so the century may be regarded as a period of improvement for wage-earning labour, especially after 1660. Wages rose from twenty to sixty per cent., but there was a tendency for hours to grow longer. Comparatively, *i.e.* judged by seventeenth century standards, the Civil War was not very destructive, but, relatively mild as it was, it caused a general dislocation of society. Crops were eaten by the armies, and communications were irregular. Distress was very acute among the clothiers and their labourers, and the labour code and the poor law were hopelessly upset.

LABOUR CODE SUSPENDED.—The apprenticeship clauses of the Labour Code were never universally enforced, but under James I. and Charles I. they were fitfully applied, the council taking no more than a spasmodic interest in them till 1640. During the Protectorate the code was practically suspended and the feeling spread that its enforcement was really impracticable. In 1669 we hear that the justices generally so considered it: so it is evident that from this time forward it was easier for any new industry to evade the rules.

HISTORY OF WAGE ASSESSMENT; *i.e.* fixing them by the justices of the peace, as provided for in the Apprentices Act already alluded to. Wage assessment was in fair working order till the Civil War. It does not appear that the justices had any desire to keep down wages; in fact, in bad years its effect was rather to maintain them. After the war the custom fell into disuse, and by 1660 it had ceased to be a general practice. Povey in 1701 does not show any knowledge of a system of fixing wages, but the practice survived

into the eighteenth century in the more backward northern counties. The latest assessment recorded was in Shropshire in 1782, a century after it had fallen into general disuse elsewhere. Its abandonment was probably partly due to the breakdown of Privy Council government.

THE COUNCIL AND THE POOR LAW.—The council had made the Elizabethan poor law a reality : there is a long series of Orders in Council dealing with it. Employers were ordered not to decrease the number of men they employed, and gentlemen were ordered to go home and look after their estates. There was an elaborate system of corn regulation by which folk were ordered to buy and sell, and the moving of stocks from county to county was also controlled. Justices were frequently enjoined to enforce the poor law : in 1630 they received a book of orders from the council directing them to see that the overseers got through their work. The overseers had a hard task, for the scope of relief was widening. The practice of setting the able-bodied poor to work was enforced—it seems with fair success—and the system of providing them with passports, when they wished to travel in quest of employment, went on in certain districts. Vagrants were treated with the severity which might be expected, and the custom sprang up of sending them to the plantations abroad. On the whole the destruction of the system of Council government in 1641 and the disorders of the Civil War that followed put an end for the time to the strict enforcement of the Poor Law, nor did any of the experiments made during the Protectorate survive. But forty years of steady administration had impressed its principles on the minds of the class responsible for

local government. At the Restoration, therefore, the old machinery was again set going, though the system of setting the able-bodied to work seems to have broken down.

THE ACT OF SETTLEMENT.—The Act of Settlement of 1662 was aimed at the worst class of vagrants and at those parishes which were shirking the duty of looking after their poor. Parish officials had the power of moving on within forty days anyone not born in the parish who seemed likely to become chargeable to the rates. This principle was not new : in the towns at least it had existed for many years. It was a necessary provision (under the circumstances), for a parish ought not to be saddled with the cost of paupers from stingier parishes in the vicinity. Had the practice of "giving letters" been general the Act would not have been necessary ; but yearly hirings, and the custom of giving references, had never been in general operation.

FORESHADOWING OF MODERN TAXATION.—At the beginning of the seventeenth century the principles and methods of taxation were largely mediæval : at the end of it most of the essentials of the modern system were already in existence. There was a rudimentary income tax ; a death duty of a kind ; \* a Bank of England. In the course of this century joint stock organisation also began ; and at the end of it we find the earliest examples of stock exchange "booms." The system of public and private banking was by this time fairly developed.

\* In 1694 a duty was imposed on probate of wills so far as they dealt with personal property ; about 1780 an *ad valorem* charge on the amount of the estate was added. During the Great War Pitt proposed to extend the probate and succession duties to realty, but was defeated by the opposition of the landed interest.

FALLING REVENUE : ATTEMPTS AT IMPROVEMENT.—The old taxes were falling in value, particularly those derived from feudal dues and land, so the revenue did not go so far as it had previously done. The old "tenth and fifteenth" (see p. 91) disappeared in 1623, and up to the time of the Civil War the most important form of grant was the subsidy. This, however, had also become a fixed assessment, while the customs were proving less lucrative. Under the early Stuarts there was much discussion about taxation, but little or no reform in it; but during and after the Civil War Parliament tried many experiments. The monthly assessment,\* which took the place of the subsidy, was a more accurate valuation than any which had preceded it. Taxes were for a time gathered by commissioners instead of being farmed as before, but the experiment failed and farming was resumed. The excise, as in Holland, was a tax upon the producers of certain articles consumed in the country. In England it dated from Cromwell and was very unpopular.

When Charles II. returned the financial system was in a bad way, and it was not his fault that it grew worse. He was granted an income of £1,200,000 by Parliament, but the taxes given him to provide this sum brought in little more than half of it. A hereditary excise upon alcoholic drinks, tea, coffee, and chocolate was substituted for the feudal dues,† and later the excise

\* Imposed by the Long Parliament in 1642, first on London, then on all territory which it controlled. Commissioners fixed the amount for each county and borough, local authorities the share of each individual. In 1651 the amount was £120,000 per month, reduced to £60,000 in 1655.

† By this change the landed classes shifted on to the shoulders of the general community what had previously been a burden on the land and a condition of its tenure.

became the backbone of the revenue. In 1715 the income of the Crown was £5,500,000, of which £2,300,000 was derived from excise and £1,700,000 from customs. The Restoration Parliament never succeeded in finding a good basis for extraordinary taxation ; consequently the financial system was irregular and unsatisfactory at the accession of William III.

**A PROPERTY TAX.**—William's advisers found great difficulty in devising a system of taxing property. An attempt at imposing an income tax broke down and was abandoned after a few years' trial. Land was heavily taxed, as it was easier to assess than other more elusive forms of income. By the middle of the eighteenth century the property tax had become a tax on land.

**EARLY BANKING.**—There was no native deposit banking until the very end of the Middle Ages, but the principle of it is to be found earlier than is generally supposed. Something of the sort existed in the fifteenth century. It arose from leaving money with the goldsmiths, who subsequently lent it to others. There are records of money being deposited for safe keeping as early as the fifteenth century, but the practice cannot have been very general before the beginning of the seventeenth. As the coinage was usually in a confused state, and much foreign money was in circulation, it was convenient to deposit a mixed mass of coins with the goldsmith, who would credit the depositor with their standard value. The payment of interest upon deposits induced more and more people to make them, and as early as 1619 there were complaints that the goldsmiths were " engrossing " (*i.e.* hoarding) the supply of money. About this time, too, we find



the goldsmiths beginning to discount bills and can trace the beginning of the modern bank note. Charles II. fell into the hands of the goldsmiths and in 1672 held up the money which they had advanced to the Government, by what is known as a stop of the Exchequer; still they had been taking 12 per cent. per annum out of him up to this time, so perhaps they did not deserve quite all the pity which has been lavished on them since. The plan of a national bank was mooted in the time of Elizabeth, but the strained relations between Crown and Parliament which followed prevented its taking shape under the early Stuarts. The idea was revived in 1665 in the shape of a proposal that the king should accept loans from private individuals and pay them interest on the security of the taxes; but the stop of the Exchequer mentioned above naturally frightened the public off any such scheme. Exchequer bills became permanent under William III., in whose reign (1694) the Bank of England was founded, on the model of the Bank of Amsterdam.\*

COINAGE PROBLEMS.—Bimetallism still existed, for gold and silver were both legal tender. On the technical side there had been no improvement since the Middle Ages. The coins, which were irregular in shape and size, were liable to be clipped and sweated. Silver was still more or less the working metal, and when a change in the ratio between gold and silver took place the gold value was altered and not the silver. The

\* Government borrowed £1,200,000 from City merchants. The stock-holders were formed into a limited company, "The Governor and Company of the Bank of England." It was authorised to issue notes (monopoly for London) "and to deal in bullion, bills of exchange, and forfeited pledges." Its advances to Government were limited by Act of Parliament.

guinea \* always "wanted to be" a pound, but failed owing to the depreciation of silver and actually fluctuated between 20s. and 30s.; the highest point it reached was 32s. Under William III. (1696-99) a great recoinage was carried out under the direction of Sir Isaac Newton. The value of gold in a guinea was then 20s. 8d., reckoned in terms of new coined silver; and when the new issue was completed the guinea was officially fixed for twenty-one years at 21s. 6d., after which interval it finally settled down at 21s.

EVE OF THE INDUSTRIAL REVOLUTION.—We are now entering the period preceding the industrial revolution. England came to an end of internal strife very early. (Sedgemoor, 1685, and Culloden, 1745, were the last battles fought on English and Scottish soil) while the Union of 1707 was of immense importance, as was also the growth of the colonial empire. Industrially the England of Walpole was very different from the England of Peel; but commercially the difference was not so marked. Banking, insurance, and joint stock organisation were already fairly well developed. The rush of inventions which marks the later period certainly betokens an abnormal acceleration of pace, but the transformation was not so sudden as might be imagined. Circumstances gave a peculiar stimulus to invention at this time, and we can trace the beginnings of the alliance between industry and science. This gave a great impulse to trade, as may be seen very clearly in the days of Sir Robert Peel; but its origin must be looked for much earlier than this—possibly in the Royal Society, which was founded by Charles II.

\* First coined by Charles II., 1663.

**SURVIVALS OF THE MIDDLE AGES.**—Mediæval survivals still existed : the guilds lingered on feebly in Bristol till 1730, and in Norwich later still. Regulations dating from the Middle Ages continued to be enforced in some places down to the middle of the eighteenth century ; and in the far north they lasted even longer than that.

**FORMS OF INDUSTRY : HOME WORK.**—The earliest form of industry was home work. There was no buying or selling : folk made things for their own use out of their own materials. There was more of this in the early eighteenth century in the home sphere than there is to-day, especially in the outlying parts of the country.

**CUSTOMER WORK.**—Another form was customer work, for which the consumer supplied the material, to make up which the workman contributed his skill : modern examples of this are to be found in the knife grinder and the jobbing dressmaker. This system also was more common in the eighteenth century than now. Down to 1840, and in some places after that date, the customer-weaver was to be found in every parish. He was generally a linen-weaver, whose business was to make sheeting from yarn woven by housewives. He was in quite a different position from the weaver working for a capitalist clothier.

**THE HANDICRAFT SYSTEM.**—The handicraft system in its more developed form was essentially urban : this form of production is characteristic of the Middle Ages. The producer was in direct touch with the consumer. He took his risks and was a small capitalist ; he bought raw material and sold finished goods. The domestic clothier in Yorkshire died out only about two generations ago.

COMMISSION SYSTEM.—This system passed easily into the next—the commission system. The producer had no direct relation with the consumer: he worked at home, but was dependent upon an employer. All through the sixteenth and seventeenth centuries it developed at the expense of the handicraft system, as there was a steadily increasing tendency for the factor to become the employer of the small master. When the factory came, he turned into the modern type of employer. More complicated looms were expensive and the appliances for fancy weaving were often supplied by the employer.

FACTORY OR GREAT INDUSTRY SYSTEM: EARLY INDUSTRIES.—The term “factory system” seems to be sometimes inappropriately used, since it may include such things as shipbuilding. A more accurate definition would be the “great industry system.” No work is done at home, and heavy expenditure of capital is required at a particular place. Steam and water-power involve not only heavy expenditure but a concentration of work, which we first note in the mining and metallurgical industries. Iron mining in Sussex dates back to the fifteenth century, and coal mining had made considerable progress by the seventeenth. The earliest mines were like quarries, but as they got deeper the working of them called for more capital, for plant was expensive and the pumping problem became more difficult to deal with as the digging progressed. Steam was first used in connection with collieries.

Shipbuilding too was an industry in which concentration of labour was required from early times. Perhaps

the earliest real factory was a silk mill with machinery which was erected in 1719.

These various forms of industry do not necessarily succeed one another in a regular sequence : they overlap and intermix. Even to-day clothing is made by every one of these systems.

## CHAPTER XIV

### INVENTION AND INDUSTRY—FISCAL AND ECONOMIC PROBLEMS OF THE EIGHTEENTH CENTURY

IMPROVED COMMUNICATIONS.—After the Revolution comes a period of internal peace. Scotland and England are united, and the chief events to be noted are the development of commerce and empire; the causes of the industrial revolution; the union of industry and science; and the complete disintegration of old local systems and restrictions.

The roads of England were at their worst about 1700, and the first sign of the great changes coming was their improvement, followed by the opening up of canals. Turnpike trusts began in 1725, and though toll-bars were very unpopular, particularly from 1725 to 1755, the improvement of the roads by these trusts was very rapid after 1760. The period of fast mail coaches is limited to the half-century between 1785 and 1835.

CANALS.—In water transport we were backward. Little was done in the seventeenth century except to build canals for drainage, and the eighteenth century was well advanced before the principle of locks took firm hold. Brindley, one of the pioneers in this kind of engineering, constructed the Bridgewater canal, stretching from Manchester to the Mersey. It was a great success,

and was followed by another, connecting the Mersey with the Cheshire salt fields. The Grand Trunk Canal linked together the three great rivers of the Midlands, and still another was run south from Cheshire through Stafford to the Severn, opening up the pottery and iron districts ; after which the Trent basin was joined up with the Mersey and the Severn. The pottery district was vastly improved during the years 1760-1780, and after that date a regular mania of construction set in. There is hardly one canal to-day that was not begun or planned between 1780 and 1800. Their value was very great, for they made it possible for bulky and fragile manufactures to be moved with safety and expedition. Meanwhile invention advanced step by step with improvement in the means of transport.

EARLY INVENTION.—The amount of invention which took place during the previous centuries is generally underrated. The old spinning-wheel was a very ingenious creation (before its time the still older distaff spinning had prevailed). For woollen goods it continued to be used down to the beginning of the nineteenth century. Knitting-machines were invented in the seventeenth century, and one type of mechanical loom was known in England as early as 1700 ; it was copied from the Dutch, and was used for making ribbon. Many interesting experiments were made in the seventeenth century in iron manufacture also. The knowledge of the use of water power was of great antiquity ; while fulling looms (for thickening and scouring cloth) were known in the Middle Ages.

INVENTION APPLIED TO INDUSTRY.—The putting into practical use of these inventions and ideas,

however, dates from the eighteenth century. Hall and Wyatt set up spinning by machinery between 1730 and 1740, while the process of weaving was greatly improved by the invention of the flying shuttle. The first process was not much of a success for another forty years or more, and the second was very slowly adopted also, not becoming universal till the nineteenth century.

**STEAM POWER.**—The spinning jenny invented by Hargreave was improved in Crompton's mule (1779), which was worked with rollers and movable spindles. Arkwright was not an inventor at all; he was merely a business man who organised a factory where water and steam power were utilised; his partner was Jedidiah Strutt.

Spinning by machinery was widespread as early as 1800; wool-weaving was a later development, dating from 1825; while linen-weaving was later still. Machinery was consequently adopted first for cotton, then for wool, and last for linen.

Hand-spun cotton yarn in England was inferior to that spun in India, and cotton goods had to be composed partly of linen to insure stability. Improvement, therefore, was most needed in the cotton trade, while the industry was young; so we find that it was never hampered by mediæval or Elizabethan legislation, nor was there the same conservative opposition to change as in the older and more rigidly organised industries.

**JAMES WATT.**—Watt was a man of remarkable ability and culture who was at the same time in touch with scientific thought; and Dr. Roebuck, his first partner, who joined him in 1760, had some knowledge of science. His second partner, with whom he became



associated in 1774, was Boulton, a manufacturer engaged in the Birmingham metal trades; he subsequently constructed the steam engine which Watt invented. Water power had before this been used to drive lathes in Boulton's works.

REVIVAL OF IRON INDUSTRY.—The iron trade had declined early in the eighteenth century owing to the scarcity of charcoal, especially between 1715 and 1730.\* Smelting with coal and coke was then tried; the Darbys of Colebrook Dale made a success of coke smelting, but their example was followed very slowly, and not till forty or fifty years later did the industry make a general move forward—a development to which the steam engine greatly contributed. Between 1788 and 1796 the amount of iron produced was doubled, and it was beginning to be used for structural purposes. Puddling furnaces were introduced for converting cast into wrought iron, and slide lathes were invented for making screws.

The application of science to industry was now seen in the steam-driven press, the use of coal gas as a means of lighting, and the bleaching of calico and cotton by chlorine.

IMPROVEMENTS IN AGRICULTURE.—Agriculture was quite transformed in the eighteenth century, many improvements being adopted from the Dutch, whose agricultural methods had always been practical and progressive. Only natural pasture had been the rule up to this time; henceforward turnips, root crops, and

\* About 1720 an Act of Parliament ordered the closing of all the forges in the Kent and Sussex Weald on the ground that they were destroying the forests which were essential to provide timber for ship-building.

The great Carron Ironworks were established in 1749.

artificial grasses were introduced. Fruit growing and gardening made great headway, and the first successful poultry farm dates back to the seventeenth century. By the eighteenth the teaching of theorists had begun to produce some effect. Turnips and grass crops rapidly became general, and clover was grown on land which had before been left fallow. Defoe in 1724 tells us that turnips were widely grown in the south and east, and we may note the nickname of "Turnip Townshend" who, having quarrelled with his brother-in-law Walpole, retired to his estates and devoted himself to agriculture.

It became fashionable to take an interest in farming. Jethro Tull was a farmer who by his writings did more for farming than anybody during the century. He discovered the fact that deep pulverisation of soil is the secret of vegetable nutrition, and he also invented the drill for sowing. His methods were taken up slowly; first by the farmers of lowland Scotland, and then by the English.

ENCLOSURE IN THE EIGHTEENTH CENTURY.—Enclosure became popular because it made for better agriculture and drove up rents.\* From 1760 onward there was great activity in the way of private bills for

\* Enclosures under Acts of Parliament, 1702-1836:—

	Acts.	Acres.	
Anne	2 .. ..	1,439	
George I.	16 .. ..	17,660	
George II.	226 .. ..	318,784	
George III.	3446 .. ..	3,500,000	
George IV.	192 .. ..	250,000	
William IV.	72 .. ..	120,000	(J. Fisher)
	<hr/>	<hr/>	
	3954 .. ..	4,207,883	

See also Hammond, "Village Labourer," ch. ii. p. 41.

enclosure, but it was not all done by private bill, as this method did not become usual till after 1750. In spite of assertions to the contrary, it seems certain that some enclosed land was altered from arable to pasture in the eighteenth century, as had also happened in the sixteenth.\* Waste land, however, was constantly being brought under the plough, which tended to equalise matters. The corn laws of William and Mary, which gave a bounty of 5s a quarter on export if the home price was under 48s., encouraged corn growing. There was an almost prohibitive import duty, but in years of famine the restrictions were suspended. The price was almost invariably under 48s., so there was little about it that was oppressive.

SCIENCE AND AGRICULTURE.—Agriculture improved rapidly after 1760, and scientific cattle breeding came in about the same date.† In 1793 the Board of Agriculture was founded, and from this time onward we can trace the beginnings of agricultural chemistry and the use of machinery in farming. The first successful threshing machine dates from about 1790, and chemistry steadily came into wider use between 1790 and 1812, in which year Sir H. Davey delivered a series of lectures on the subject.‡ Until 120 years ago nobody knew how plants were nourished, so there could be no knowledge of what manure they needed. Scientific farming is essentially modern.

\* From certain enclosure accounts of the early eighteenth century it appears that permanent pasture was estimated at about double the value of arable land per acre.

† The pioneer in both sheep breeding and cattle breeding was Bakewell, of Leicester.

‡ Lectures delivered before the Board of Agriculture.

THE PRICE OF CORN.—Up to 1775 the area of corn growing had increased little, but after this date it began to be affected by the great growth of population, due to the increasing healthfulness of the towns. Before this the death rate in the great cities had exceeded the birth rate.

Between 1770 and 1780 the export of wheat ceased and the average home price was about 45s. The Corn Law was slightly modified in 1773, import being permitted, subject to a duty of 6*d.* a quarter, when the price rose above 48s. Eighteen years later the level was pushed up, and the sixpenny duty only came into operation at 54s. In 1804 a further change was made to 63s. The rise in price was rapid, as will be seen from the following list (of average prices) : 1780–1790, 45s. ; 1790–1800, 55s. 11*d.* ; 1800–1810, 82s. 8*d.* ; 1810–1813, 106s. 2*d.* These increases were due mainly to the great wars against Napoleon and were therefore unavoidable ; but in 1815, with the object of maintaining the inflated price, a stringent Corn Law was passed, forbidding import when the home price was under 80s.—a step which might not unreasonably be regarded as a deliberate attempt to bolster up the landed interest at the expense of the mass of the population. The Corn Laws were now undoubtedly oppressive, and opposition to them grew steadily in consequence.

EARLY TRADES UNIONISM.—Adam Smith said that in 1776 there were twenty wage earners to every employer ; so in this respect the conditions resembled those of to-day. The wool-combers had a union as early as 1741, and during the years 1720–1745 unions, under the name of benefit clubs, existed in the Sheffield trades.

CAPITAL *v.* LABOUR.—Early in the eighteenth century the western weavers petitioned Parliament to fix the rates of payment, and in 1756 it decided to do so. The employers, however, resisted ; they said that with increased wages they could not resist competition, so Parliament repealed the Act in the next year. This was the last real attempt to fix wages till the Sweated Industries Bill of 1909. There was one curious exception, however, twenty years later (1773), when a similar petition from the Spitalfields silk-weavers was granted ; but it is not altogether surprising, for Parliament had always interested itself deeply in the silk industry. Both masters and men agreed that the rates of wages should receive the official sanction of the justices of the peace, and this abnormal arrangement continued for fifty years.

The earlier part of the eighteenth century was a period of prosperity for the working classes, very unlike that of 1790–1850. Rising from the ranks was not much easier than it is to-day, but although the wage earner had less and less chance of becoming an employer, his condition did not begin seriously to deteriorate till 1790.

The condition of the rural labourer was much the same ; wages were stationary and the price of food continued to fall till 1760 ; but after this, things grew rapidly worse. His troubles at the beginning of the eighteenth century had been due to enclosure and to the bad working of the Poor Law. The poor man was often confused with the pauper, and wages with charity. The assumption of the wealthy was that it was a kindness on their part to give wages and employment, so the line between independent labour and pauperism was somewhat hazy.

WORKING OF THE POOR LAW.—The Poor Law gave relief to local poor only ; other men who were likely to become chargeable to the rates could be moved on by the Law of Settlement. A defective knowledge of economics led to the authorities everywhere being afraid of creating paupers, so working men were discouraged from marrying, or from finding permanent work in another parish. Squires hated and warred against unauthorised cottages which had grown up on the waste—a hard and stupid policy. Doles were freely given to those who were considered worthy of help, but this practice actually encouraged the pauperism which the authorities feared. In 1722 a statute was passed to prevent a man in need of assistance from going to the justices before he had been refused relief by the overseers.\* This to a certain extent kept down the giving of doles. The same statute recommended the creation of workhouses by a union of parishes, along with the imposition of a work test before relief could be given to the able bodied ; but it was not very extensively adopted. About 1775 a new sentiment arose in connection with these matters, and criticism of the Law of Settlement and the Poor Law became general. Adam Smith in 1776 denounced the former, and during the next few years several measures were passed with the view of mitigating it. Humanitarianism was beginning to make its voice heard, and the hard and contemptuous attitude which had hitherto been adopted towards the poor was decreasing.

\* An Act of 1691 had resulted in applicants receiving relief from the justices.

**GILBERT'S ACT.**—In 1782 Gilbert's Act \* provided machinery for grouping parishes into unions ; the able-bodied were not to be sent into the poorhouse, but were to be found employment by the parish authorities, who were to keep them until work was found. If the wages were inadequate, they were to supplement them out of the rates.

**BANKING.**—The Bank of England greatly facilitated commercial transactions, but these facilities were at first confined mainly to London. Burke says that in 1756 there were not a dozen banks outside the capital ; and there is little doubt that banking would have spread more quickly but for the jealousy of the Bank of England—the only joint stock bank. About the middle of the eighteenth century banks of this type were successfully established in Scotland, but the Bank of England prevented the formation of others in England, though hundreds of small private bankers sprang up instead. Business houses first discounted bills for customers, then for others, and thus in the process of time took to private banking. But the temptation to issue notes beyond their power to repay in bullion was in many cases too great, and recurring periods of commercial depression brought failure to scores of little banks.

**INSURANCE.**—Marine insurance existed in Bruges as early as 1310, and in England as early as the reign of Elizabeth ; the earliest known policy in England, however, is dated 1613. Marine insurance became by degrees more and more common ; the insurers collected at Lloyd's coffee house, so Lloyd began to issue a

\* This Act is sometimes incorrectly alluded to as the Speenhamland Act (see p. 159).

shipping list. At the time of the South Sea bubble two marine insurance companies were formed, but private members of Lloyd's, then as now, retained a large part of the business. Fire insurance was first started in the seventeenth century, and life insurance in the eighteenth (1762). Early insurance was little better than a gamble, rather like our modern book-making; so the more respectable of the brokers formed themselves into a select club which they called Lloyd's. Its great importance has lasted to our own day; it grew especially during the period of the great wars.

FOUNDATION OF THE STOCK EXCHANGE.—Stock-broking grew up in a shady atmosphere, but there was respectable trading in shares as well, which developed greatly with the increase of joint stock companies, such as the New River and the Sun Insurance companies. Government funds increased, and later came the various canal, gas, and industrial companies. In 1773, as had been done at Lloyd's, the more respectable men formed a combination to keep out sharpers, and in 1802 the Stock Exchange was established in its present quarters.

THE NATIONAL DEBT.—The National debt dates from 1693, when Montague first adopted the expedient of issuing annuities on the security of the nation. This was an entirely new departure, and it was long doubted whether the country could bear it. Davenant, Bolingbroke, Carteret, Walpole, and Chesterfield all thought that the load would prove too great. National bankruptcy was not, in fact, impossible; the French repudiated their debt in 1715, in 1769, and at the Revolution. The burden was reduced to some extent



by Walpole, who cut down the interest on much of it from 5 to 4 per cent. This policy was maintained by Pelham, who, in 1749, reduced the interest to 3 per cent., and not long afterwards consolidated the fourteen different stocks into five ; this is the origin of the well-known term " consols," a term which was first used in 1753. Walpole also started the sinking fund, but it was a failure, as no appreciable amount was paid off, and every war increased the debt. At the end of the great wars it was larger than it was in 1914, when the wealth of the country had increased at least fivefold.

METHODS OF TAXATION : EXCISE.—There was nothing very novel to record in taxation during this period. The main imposts were customs, excise, and land tax. Walpole suggested no new schemes of taxation which lasted ; his ideas varied, but he had an affection for general rather than for particular taxes. This predilection was in his mind when he made his attempt to extend excise, but the plan was never completely formulated owing to its unpopularity. The actual proposal brought forward in 1733 was sensible and moderate, but his intentions were misrepresented by his opponents. He had discovered the utility of bonded warehouses and had applied the scheme to tea, coffee, and cocoa ; in 1733 he tried to extend it to tobacco and wine ; and it was over this that the opposition arose, on the ground that it was the beginning of a general excise.

CUSTOMS DUTIES : WALPOLE'S MEASURES.—At the end of the seventeenth century duties were levied on the great majority of our imports, and nearly all exports were taxed, though logically export and import taxes are a contradiction of one another. Walpole

made his tariff something like a modern protective tariff by removing most of the export duties, but the export of wool, which had been altogether forbidden, was not unfettered, and a few other prohibitions were retained. Walpole also reduced some import duties in order to help industries. Smuggling was common, and considered by no means discreditable, and Walpole realised that the best way to get rid of it was to lower duties ; moreover, he realised that a lower duty does not necessarily mean a lower revenue. He attacked smuggling in other ways also, *e.g.* by forbidding row-boats on the Thames. The results were disappointing, because the duties were not lowered far enough.

Walpole was much addicted to the system of bounties, and extended it ; he was interested in the herring and whale fisheries and increased the bounties paid to them, especially to whalers. To put it shortly, he adopted a protectionist system to encourage industry and keep out foreign goods. The tariff, as he left it, was bewilderingly complex ; import duties were curiously levied in several different imposts on the same article, for it was not customary to raise a duty by increasing its amount, but to put on another separately.\* From Walpole to the younger Pitt no notable change took place in the fiscal system.

NATIONAL ECONOMIC POLICY CHANGED.—During the earlier eighteenth century there was a final abandonment of the mediæval policy which regulated the method to be employed in the manufacture of goods. The control had originated with the guilds, but from the thirteenth century onwards it fell into the hands of the Government, which superintended the length, breadth,

\* Adam Smith, "Wealth of Nations," Bk. II. chap. v.

and quality of articles. The Stuarts accepted cheerfully the task of regulating home industry, and the policy was handed on by the earlier to the later kings of this line. After 1730 very few statutes were passed with this object, while those already in existence were less and less enforced. It is in the less strictly regulated industries—*e.g.* cotton—that the effects of the industrial revolution are soonest observable. Compulsory Consumption Acts, *e.g.* those which compelled people to use English buttons or to be buried in woollens, were also dying out, though they continued in existence as late as 1730. Tariff protection became the only form of encouragement, and the taxation of foreign articles increased as the century wore on. Foreign silks which had already been taxed with a heavy duty were entirely prohibited in 1765.

## CHAPTER XV

### ECONOMIC PROBLEMS AND THEORIES OF THE EARLY NINETEENTH CENTURY

ECONOMIC THEORIES, OLD AND NEW.—By the close of the eighteenth century the biggest industries had become indifferent whether they had a tariff or not. The old theory of colonies was dying out, and for a variety of reasons trade regulations, both internal and external, were being abandoned.

✓ ADAM SMITH.—Adam Smith was responsible for a great advance in sound economic theory. He was strongly influenced by his belief in natural law, and liked free competition. “All natural things,” he said, “are preferable to the elaborate institutions of civilisations.” He is best known for his attack upon mercantilism, and his antagonism was abundantly justified by the defects of that system; but he was not the first man to criticise the elaborate regulations of foreign trade.✓

EARLIER ECONOMISTS.—Munn had already improved on the theories of the bullionists, as had King, Child, and Petty. Barbon also in 1690 made a vigorous attack upon the theory that imports were a danger and excess of exports a sign of national prosperity; he was followed by Sir Dudley North, who pointed out that precious metals tend to gravitate where they are

needed. ✓ David Hume also, who wrote in 1750, attacked the whole doctrine of the balance of trade. ✓

VIEWS OF ADAM SMITH.—This was the line adopted by Adam Smith. He explained that foreign trade benefited both parties, and that elaborate regulations for fostering particular industries by means of tariffs and prohibitions were on the whole harmful, while their enforcement was expensive, difficult, and irritating. He objected in particular to the bolstering up of industries which were not really suited to the country.

The blunders made by the Government of his time were very evident to him. It has been asserted that his economics were cosmopolitan rather than national ; but this is hardly correct ; on the contrary, he was very patriotic, and actually advocated an imperial parliament and a customs union. It is true that he was impressed by the failure of mercantilism and favoured the policy of "laissez faire" in consequence ; but he was no fanatic. He had no great quarrel with the Corn Law of 1776 ; he thought it defective, but was not violently hostile to it. He did not want to sweep away the tariff at once, but rather to work in that direction slowly and prudently. .

HIS VIEWS ON WAGES AND LABOUR.—He was in favour of national education, and held very strong views upon two subjects—the question of labour and the problem of value. On these points he was sharply opposed to the popular opinions of his own day. His contemporaries thought it advantageous for wages to be low ; Smith pointed out that well-paid labour is not only good for the workman, but for the nation at large. According to his view, the cause of wealth was human exertion, though it is now admitted that the

labour spent upon a thing is not the sole cause of its value, which depends upon the intensity of human desire for an object, combined with the amount of it which is to be had. (Neither Adam Smith nor Ricardo properly grasped this truth, and so they may both be said to have failed to understand fully what value is.)

MALTHUS AND THE POPULATION.—Malthus (1826) devoted himself to a scientific study of the population, which in his time was increasing very rapidly. Godwin and Condorcet had been of opinion that the human race was capable of unlimited progress, both in numbers and in prosperity, but Malthus examined the question in view of the relation of the population to the food supply. He first set himself to find out how fast a population can grow under favourable conditions, and concluded that it is physically possible for it to double itself in twenty years. Although the statistics on which he based his conclusions were inadequate, this statement is, roughly speaking, correct. Why has this not happened? he asked; and concluded that many unpleasant forces—*e.g.* war, famine, and infanticide—tend to keep it down. He proceeded to argue that as the supply of food cannot be doubled in twenty years, disasters will continue to keep the population down, unless the people themselves do so. He did not think this was likely to occur, so he predicted a growing pressure of the population on the food supply. It must be remembered that regular imports, proportional to increased demand, from America and other countries in process of development were as yet not even foreseen. The depressing ideas of Malthus cast a gloom over the political thought of the time, though it should be noted that he was not an advocate of what is now

called Malthusianism. He did not suggest artificial restriction of the population, but merely advocated late marriage and self-restraint. It was through his writings that Darwin was drawn to the study of the struggle for life.

THEORIES OF RICARDO.—David Ricardo (who wrote from 1809 to 1823) was an active economic thinker and a practical financier of Jewish origin. He formulated theories about labour, value, and rent.

During these years the rise of prices raised rents and caused more land to be put under cultivation, so that in many cases bad land was cultivated to meet the extraordinary demand for corn. Ricardo formulated his famous definition as follows: The rent of a piece of land is the difference (measured in terms of corn) between the fertility of that land and the least fertile land cultivated. He is generally supposed to have thought that wages would not tend to rise above the bare level of subsistence, and he certainly thought, as did Adam Smith, that labour was the sole cause of value. Both these theories are now known to be incorrect. The rigid and almost inhuman character of Ricardo's conclusions gave rise to a prejudice against him and his school which has continued down to the present day.

FINANCIAL POLICY OF PITT.—Pitt, whose policy was strongly influenced by the "Wealth of Nations," began his career before the war as a liberal and enlightened financier. His commercial policy was dominated by the results of the American revolution. The old colonial restrictions had broken down, and a series of trade arrangements and Acts had established a fairly free system of trade between Canada, the United

States, and the West Indies. The Navigation Acts were becoming obsolete, for most of the colonial produce scheduled in them came from what was now a foreign country (U.S.A.); and trade with India had never been brought under the Navigation Laws. Many of our present colonies did not exist—at any rate as places of importance. The Canadians had grievances of a political kind, it is true, but they were practically not affected at all by the duties. In 1783 Pitt went so far as to suggest putting the U.S.A. on a level with our remaining colonies; and in 1785 proposed absolute free trade between England and Ireland. He wanted to put an end to all anti-Irish legislation, but the opposition, led by Fox and supported by employers and merchants, forced him to abandon this plan. This was one reason which led Pitt to engineer the Act of Union; though even this did not secure absolute free trade, for certain duties survived till 1825.

In 1786 Pitt made the Eden treaty with France. He was prepared to lower duties on French products, and the French were ready to reciprocate, but the "vested interests" prevented either side from going as far as they wished. The result was complex. Young found the treaty popular in Bordeaux, but unpopular in Northern France.\* War, however, broke out too soon to allow its real effect to be estimated.

**CHANGES BROUGHT ABOUT BY THE WAR.**—Frenchmen were now beginning to study English industrial machinery; and had not war broken out, the industrial revolution must have spread straight to the Continent,

\* Some authorities regard the discontent caused by this treaty among the industrial producers of N. France as one of the important causes of the Revolution.



in which case England's long start in the manufacturing race would have been curtailed. The war spoilt Pitt's finance no less than his commercial policy. He had retrenched national expenditure, improved financial machinery, simplified duties, and cut them down to check smuggling (*e.g.* the tea duty was reduced from 120 per cent. to 12½ per cent.). But he now committed one great error of judgment: he wrongly concluded that the Revolutionists would give in early, and expected the whole affair to be over by 1795; and so he omitted to increase taxes sufficiently at the outset. The national debt grew rapidly in consequence, and in five or six years he was driven to all kinds of expedients in order to raise money. The income tax in 1799 was 2s. in the pound on all incomes above £200, and was levied on a part of incomes between £200 and £60; this tax was removed during the short peace, but it was imposed again on the renewal of hostilities, when the exemption level sank to £150 and £50.

## CHAPTER XVI

### LATER DEVELOPMENTS IN COMMERCE AND INDUSTRY

TOWNS IN THE EARLY PART OF THE NINETEENTH CENTURY.—The first half of the nineteenth century was marked by a great growth of population,\* a great increase in the size of towns, and by abnormally high corn prices. Many of the rapidly growing towns had no machinery of self-government of any kind; Manchester, for example, was not a borough till 1835, but was governed like a rural parish, by country justices and vestry meetings. Towns grew up haphazard, and the results were a lack of sanitation, overcrowding, dirt, and disease. From 1780 onward unemployment among the rural population had been on the increase,

\* *Growth of Population.*—England and Wales :—

1700	..	..	..	5,200,000	estimated.
1760	..	..	..	5,750,000	„
1801	..	..	..	9,000,000	actual
1811	..	..	..	10,000,000	„
1821	..	..	..	12,000,000	„

Population of Glasgow trebled between 1785 and 1818.

*Growth of Commerce :—*

<i>Exports in £.</i>				<i>Imports.</i>	
1720	7,000,000	..	..	..	6,000,000
1760	14,500,000	..	..	..	9,832,000
1800	34,000,000	..	..	..	28,000,000
1815	58,000,000	..	..	..	33,000,000

and the country folk in consequence crowded into the towns.

CONDITIONS IN THE COUNTRY.—Enclosure had injured the labourers in the country, who had possessed grazing rights with (or sometimes without) a scrap of land. When a parish was completely enclosed the labourer was liable to lose his piece of land and his rights as well ; moreover, an enclosed half-acre was no good to him, particularly if he had no grazing rights. So he usually sold it, and became entirely dependent on his weekly wages.

Under the old domestic system there had been various by-employments (*e.g.* spinning) to help the family to live, but these now suddenly disappeared. The invention of threshing machines also took away another additional source of employment and income. This decline in opportunities, and the accompanying enormous rise in the price of food, made the position of the rural labourer very unsatisfactory.

BERKSHIRE'S ATTEMPT TO SOLVE THE PROBLEM OF THE POOR.—In 1795 the Berkshire justices initiated a new policy. They undertook to supplement wages, if these were not enough to buy what they considered a large enough quantity of bread ; and they drew up a sliding scale of corn prices and wages. This example was generally followed, especially in southern England. Its results were unfortunate, but at the time it seemed to Malthus, Pitt, and Arthur Young the only possible way of solving the problem ; indeed, it is difficult even now to see what else could have been done.

POOR RESULT OF THE EXPERIMENT.—Abuses crept in as it became the regular practice ; and it demoralised both labourer and farmer into the bargain. The latter

deliberately gave low wages, while the labourers were encouraged to have enormous families; poor relief was carried out ignorantly and without system, while the workhouses were badly administered; the line between pauper and non-pauper became hard to define, and the idler took full advantage of the confusion. In the industrial districts of the North the policy of indiscriminate relief in aid of wages had never been general, and here, therefore, abuses were less flagrant. The burden on the rates became very heavy. The cost of pauperism per head in 1832 was about 13s. a year; in the year 1905-6 it was down to 8s. 7½d.; but far more is done nowadays for the poor, and the wealth of the country has increased out of all proportion.

In 1795 the Government relaxed the regulations restricting free movement on the part of labourers. It was no longer lawful to remove people from a parish on the mere suspicion that they might become chargeable to the rates, and this facilitated the flow into the towns.

THE INDUSTRIAL POOR—EARLY TRADE UNIONISM.—Luckily the systematic supplementing of wages did not generally extend to the industrial poor; so it is not surprising that they made attempts to get their wages raised, and also to limit the numbers who entered their trades. This they attempted to effect by strikes and by combination. Only a few industries had a trade union organisation at the outset of the nineteenth century, and most of the early combinations were merely temporary. The difficulties of combination were increased by the Combination Laws of 1799 and 1800.

Pitt introduced an Act encouraging arbitration in

disputes, but this measure was resented by employers, and the justices whose duty it was to administer the Act also disliked it. It therefore became a dead letter.

PROGRESS OF THE INDUSTRIAL AND COMMERCIAL REVOLUTION.—The industrial and commercial revolution continued steadily in the nineteenth century. The need for transport increased. Economic movement became more rapid and universal, and the relation between science and industry more and more important—as examples we may mention the expansion of the chemical industry and the development of the electric telegraph. The years from 1820 to 1840 covered the period of experiment in telegraphy; the Electric Telegraph Company was formed in 1846; an electric cable was carried across the Channel in 1851; and the Atlantic cable was successfully laid in 1867. In the nineteenth century one machine began to make another, and during the generation between 1825 and 1845 machinery began to take its modern form. The size of manufacturing businesses greatly increased. The earlier textile mills (up to 1830) had been mostly quite small compared with those of to-day; and in the wool industry of West Yorkshire and the metal manufactures of Birmingham the small owner lasted well into the 'forties. Up to 1840 much of our coal was obtained not from the modern deep mine, but from quite shallow pits, for modern coal mining requires a high development of science—geology and chemistry—as well as of engineering. The century up to 1865 was an age of iron; after that date it became an age of steel. Modern steel only dates from 1858–68. South Stafford was the first seat of iron manufacture; then South Wales; later it spread to all the coal fields.

RAILWAYS.—A sort of railway was known in the eighteenth century. It consisted originally of horse-drawn trams (used for transporting coal from the pit), which at first ran on wooden rails ; soon the wood was replaced by iron, so as to save wear and tear. In 1812 a little locomotive was used to draw coal from the pits to the town ; in 1821 the Stockton to Darlington railway was projected, and completed five years later ; in 1830 was laid the first Liverpool to Manchester line over Chat Moss. Progress was very slow for the next few years, but it quickened up after 1838. By 1843 a rough skeleton of the modern railway system had been sketched out, and between 1844 and 1848 there was a positive railway "mania"—both in the matter of building and of speculation. Belgium was the first country to adopt state control of railways ; in Prussia the railways are entirely, and in the rest of Germany predominantly, state-owned and managed. France effected a compromise ; but in England the companies had got a good hold before the Government began to discuss the question of state ownership. Debates on the subject took place in Parliament between 1842 and 1844, but although a large number of members favoured Government control nothing was done, owing to the opposition of Sir Robert Peel ; and the companies got their private bills passed practically without any opposition whatever. The Government had a later chance of taking over the railways in 1864, but it was allowed to slip.

The railways tended to encourage concentration into towns ; but they also assisted distribution, made the population mobile, levelled the rates of wages, and gave employment to a very large number of people.

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The first railways were very short ; the present system has been formed by a series of amalgamations—a process which set in very early. The railway era brought with it an immense demand for iron and steel.

STEAMSHIPS.—The revolution in sea transport was not so great, for the use of steel and iron for shipping was not very extensive till about 1865. The experimental period of steamships ended about 1822 ; but the first ship of the line which was fitted with a screw was the wooden *Agamemnon* (1852). In the Crimean War wooden ships still survived. The first real steamers were very small and had little power. The first to cross the Atlantic did so in 1838 ; its engines were of 440 horse-power only. Methods were so defective that the amount of coal needed for the voyage left little room for cargo. The Cunard Company, the first regular line, was founded in 1840, and in 1845 Great Britain launched the first iron screw steamer. In 1858 the *Great Eastern* was finished ; she was a ship of 24,000 tons, measuring 692 feet by 83 by 80.

A comparison between steam and sailing ships at different dates gives the following figures :—

1840	Total tonnage	2,800,000	;	steam tonnage	88,000
1860	„	„	4,700,000	„	„ 450,000
1870	„	„	5,700,000	„	„ 1,100,000
1910	„	„	11,555,000	„	„ 10,442,000

Thus in 1870 steamers represented one-fifth of the English mercantile marine, but these were mostly liners ; bulky cargoes still went under sail. By 1910 it will be seen that steamers formed ten-elevenths of the total.

RAPID DEVELOPMENT AFTER 1865.—The decade from 1865 to 1875 was very important. Ocean cables

were successfully laid in 1860 and 1867, linking together the whole civilised world. The Suez Canal was opened in 1869, and this gave a great impulse to steam navigation; consequently we find that by 1875 the ocean-going steamer had fairly established itself as a regular instrument of commerce. The first trans-continental railway in America was also completed in 1875; the States had finished their civil war in 1865, and an immense development in trade and manufacture followed. In 1854 no railways at all existed in the southern provinces of Russia; but during the years 1865-75 these parts were gradually opened up, and they have since become a great corn, iron, and oil district. In India all railway development was subsequent to 1867.\*

Great gold "rushes" occurred in California in 1848-49, and in Australia in 1851. By the 'sixties the world's output had increased enough to affect the general level of prices, which rose between 1855 and 1870, and continued to rise after that date. The unification of Italy and Germany took place in 1860 and 1871 respectively.

Increased facilities for the accumulation of capital for any promising enterprise resulted from the adoption of the principle of limited liability. In England, in conjunction with the Company Act of 1862, it brought about the formation and extension of limited liability companies everywhere. Since then every newly floated company has been limited almost as a matter of course, though a few unlimited, *e.g.* the City of Glasgow Bank, survived as late as 1882.

\* The first railway in India was laid in 1853. In 1878 the mileage was 8200. In Canada, 1864, 2000 miles; 1910, 40,000 miles.



**THE STEEL AGE.**—Steel was at first made by slow and difficult processes ; but the inventions of Sir Henry Bessemer from 1858 onward made it possible to produce it cheaply and in large amounts. In the next twenty years nearly all the modern processes and inventions dealing with steel were brought to perfection ; and it soon became the foundation of the transport and industry of the world.

**BIG TRADE BOOM IN THE 'SEVENTIES.**—During the early 'seventies two-thirds of the pig-iron made in the world was made in England. These years were very prosperous for us ; both home and international trade expanded rapidly. A big advance took place on the Continent after the Franco-German War. In Prussia during the years 1871-74 more iron works were started than in the whole of the nineteenth century which preceded that period. This boom spread to England, and great activity ensued in consequence. The wages of colliers, which had previously been 20s. a week, rose in the 'seventies to 50s.

**SUBSEQUENT TRADE DEPRESSION.**—Between 1878 and 1888, however, this abnormal activity received a set-back, which started on the Continent. In Germany and America there had been over-speculation, which had been aggravated by fraud, and by 1880 everybody was grumbling. The decline was due in a large measure to the failure to devise methods suitable to the new conditions. Such adjustment cannot be accomplished in so short a time as five years ; moreover, it is probable that there had been an over-production of the means of production.

**FALLING PRICES AFTER 1870.**—The rush of gold from the new gold fields gradually subsided, and from

1870 onward the additions to the world's supply of gold were less than before. Some nations were still using silver as standard money, notably some of the German states ; but the newly formed German Empire established a gold currency, which caused a drain on the market. The result was to be seen in falling prices, which seem to have a deadening influence on the imagination and enterprise of the business man. The South African gold output increased greatly up to 1890, after which followed the discoveries in Western Australia and Klondyke.\* Before 1890 the period of stagnation had ended, and business was becoming more active again.

AMALGAMATION OF BUSINESSES.—The industrial revolution went on steadily: sewing machines and machines for bootmaking were introduced, while new industries such as the bicycle and motor trades sprang up. The perfecting of machinery for the older trades continued, and the average size of works increased year by year.

The "trust" movement now made its appearance in British industries. The combinations which were arranged did not resemble the American trusts, but combined different works into one vast company. In the twentieth century these amalgamations have become very numerous. The private banks have nearly all disappeared, and the business of the country is now carried on by a diminishing number of big banks. In the last few years the larger and stronger of these corporations have been absorbing the smaller, and this process has developed to such an extent that legislation has been passed (1919) empowering the

\* 1890 and 1905 respectively.

Government to check it by vetoing any amalgamation if it likes. Nevertheless, the size of businesses is nothing like so great as is commonly supposed. At the close of the nineteenth century more than two-thirds of the German working men were employed in small businesses, employing on the average about 25 hands, while in England in the wool trade the average number at this time was 113—not so large a figure as one would expect—though it was higher in the cotton trade. In London in 1898 there were 8500 factories of one sort or another. The average number of hands employed was only 41, the total of workers being 353,000, about four-sevenths of whom were employed in very big concerns. These numbered 748, and employed 200,000 people with an average of 267. The small businesses numbered 7652, and employed 153,000, giving an average of 20. Thus the small business still plays an important part in our country's activities.

## CHAPTER XVII

### THE ADOPTION OF FREE TRADE, AND ITS RESULTS

ENCLOSURE MOVEMENT ENDED.—By the middle of the nineteenth century we come to the end of the enclosure movement. Nearly all the open fields had been enclosed, though as late as 1874 it was reported that 264,000 acres still remained unfenced, and a little of it survives even to this day. The south-east had been enclosed at an early date: the last enclosures to take place were those of the midlands and north-east. Enclosure of commons and waste continued during 1800-45: much of it was brought under the plough during the great Napoleonic wars, and the movement went on for some time afterwards. The fens were drained completely in the nineteenth century, and large stretches of heath and even of moorland were brought under cultivation. This went on till about 1876.

DECLINE OF THE SMALL LANDHOLDER.—Small holders were of two types—the copyholder and the yeoman freeman—in other words, the cultivating farmer and the small squire. The latter formed an important section of society in the seventeenth century; but both classes declined after 1680. Being conservative and not very intelligent, they were liable to get into financial difficulties: and many of them, on getting

into debt, sold their holdings. Landowners henceforward consisted almost exclusively of the old families, or of men who had made money—nabobs and manufacturers. Fortunes made in trade were employed in buying land, and the yeomen were quite willing to be bought out. Small freeholders could frequently do better as large farmers, using the capital obtained by selling out for making a start as tenant farmers on a large scale. Fluctuations in the price of agricultural produce admittedly make difficulties for small men: nevertheless, small landowners are even now more numerous than is generally believed, for 14 per cent. of our cultivated land is tilled by the men who own it.

During the century and a half up to 1875 the large farm was in the ascendant. The landowner preferred big farms, the tendency being to throw several farms into one, and also to group newly enclosed land into large areas. Small farmers, deficient in knowledge and capital, were either evicted or ruined; but in more recent times a strong movement has developed in favour of encouraging small holdings.\*

CORN PRICES AND CORN LAWS.—Corn prices fell during the earliest years of the century, but during the years 1808 to 1812 they rose to an unprecedented height, and grave distress resulted. Consequently the Corn Laws of 1815, which were evidently designed to maintain war prices, excited a very strong opposition. Foreign corn was prohibited until the home price reached 80s. a quarter, while colonial wheat was admitted at a home price of 60s. The year 1822 saw

\* The last twenty years have witnessed a steadily increasing tendency towards the break-up of the great estates.

a slight alteration of these prices, and again in 1828 Peel still further modified it: his sliding scale was aimed at a price of about 70s. a quarter, and only a very small supply of corn was imported. By the middle of the nineteenth century the price never reached 70s., but fluctuated between 50s. and 60s. Statesmen wished England to be self-sufficing, and this did not seem an improbable ideal in 1830. Improvements in cultivation were being introduced: the modern drainage system began in the 'thirties, and the cheap red drainpipe was invented in 1843; modern fertilisation, including the use of guano and chemical manures, dates also from the 'forties, and methods of intensive farming, with very large expenditure of capital (hitherto confined to Scotland) began to be adopted further south.

AGITATION FOR REPEAL.—Up to 1841, although the Anti-corn Law League had continually been making protests against the existing regulations, Peel and his supporters still had hopes that England could supply all her own wants: but in the end most of the Tory leaders saw that the Corn Laws could not be maintained, and the Irish famine marked the end of the struggle. Before their repeal Peel had removed the duties which had been imposed upon agricultural produce and live stock.

RESULTS OF REPEAL.—Cobden accurately anticipated the prices which would rule for the next thirty years, but nobody foresaw the fall which came after 1880. In the 'eighties and early 'nineties the price of wheat fell below 30s. a quarter, and for several years it was as low as 26s. As a consequence the last twenty years of the century saw a progressive reduction in the

land under the plough. Our production of wheat fell by nearly 30 per cent., and this process continued during the first decade of the twentieth century.

EFFECT OF REPEAL UPON OUR AGRICULTURE.—The landowner looks back with regret to the beginning of the nineteenth century, but the labourer was not so well off. The price of corn, it is true, did not fall after the repeal, for the facilities for importing grain were small, and transport was still expensive. But in spite of the rapid increase of population wages rose steadily, and the condition of the labouring classes improved. It was about this time that the use of machinery in agriculture began—in the shape of the steam thresher and reaper. About 1879 came a series of bad harvests, and when men were waiting for a revival in the prosperity of agriculture to follow it, they found that foreign competition had become a permanent factor in its depression. The price of wool also declined, but dairy farming maintained its prosperity. Suffering was confined to landlord and farmer: there was a certain amount of unemployment, but labourers between 1895 and 1900 were really better off than they had ever been before; because wages were still rising and the price of food was falling.

MODERN LAND CONDITIONS.—The number of people employed on the land is now much less than it used to be. The utmost fostering of agriculture could only employ about 400,000 more people at the outside. Small farmers are again increasing at the expense of big; specialist farming—of flowers, poultry, and fruit—has greatly developed. The condition of the labourer is improving, though the number of those employed has declined. An advance in corn prices has, however,

begun, which is likely to continue ; and rents are once more beginning to rise.

COMMERCIAL POLICY OF THE NINETEENTH CENTURY : TARIFFS.—We must now consider the general commercial policy of the century. The war tariff which was adopted during our struggle with Napoleon was not scientific from any point of view : it was put on at random in the vain hope of raising revenue. By the end of the war everything was taxed. From 1815 to 1825 foreigners protested that they could not buy our goods if we would not buy theirs, for upon their exports of food and timber were prohibitive tariffs. A petition in 1820 demanded a freer system and exposed the fallacy that purchase abroad necessarily injures the home producer ; and this petition was backed by others from Edinburgh and other large towns.

HUSKISSON'S EXPERIMENTS.—Two years later came the reforms of Huskisson. He was a disciple of Pitt, who had leaned in theory towards free trade, and his attitude was only a logical continuation of Pitt's policy after the war. By a series of reforms between 1824 and 1827 the old bounty system and those prohibitions which still survived were abandoned : duties were cut down, particularly on raw materials, and restrictions on export were removed. In place of the prohibition of wool, a small duty of 1*d.* a lb. was imposed ; and Huskisson also removed as far as he could the prohibition on the export of machinery. The skilled artisan was now allowed to emigrate, though the law forbidding him to do so had long been inoperative.

FAILURE OF THE NAVIGATION LAWS.—After the American war the Navigation Laws, so far as concerned our colonies, ceased to be of importance : such few



restrictions as survived caused no material inconvenience. But the restrictions imposed by them on foreign trade were considerable. As the laws stood in Huskisson's time American, African, and Asiatic goods could not be brought from a foreign European port in any ships: foreigners could not bring a long list of various goods from any country but their own, while differential duties were levied on foreign ships in British ports, and on foreign goods when unladed. Other countries, America, for instance, were retaliating; and about 1818 the Prussians and the Dutch also began to do so: whereupon Wallace and Huskisson decided that the law ought to be altered. They codified the old enactments, got rid of some, and began a system of reciprocity treaties which dealt with differential duties and rights of trading with our colonies.

For fourteen years afterwards there was very little change, but a steady growth in free trade opinions went on. Prussia and other countries had moderate protection, whereas the western German ports were practically free: so we were naturally opposed to the Zollverein established in Germany between 1825 and 1850, which caused the other states to fall into line with Prussia. But we would not reduce our duties; and afterwards, when the Zollverein was formed, we could not make them reduce theirs.

UNREMUNERATIVE DUTIES.—Numbers of duties existed which were quite valueless from a revenue point of view: in fact, at this time out of 1000 duties 17 produced 94·5 per cent. of the total sum realised from the customs, so it was good policy to sacrifice the 983 and concentrate on the 17 which were worth collecting.

ADOPTION OF FREE TRADE.—Sir Robert Peel in his budgets had reduced and simplified the tariff ; and this process was completed by his pupil Gladstone. -In 1853 the latter abolished the soap duties and reduced some 250 others : he met the cost of the Crimean War two years later by reviving the income tax and imposing a succession duty ; while in 1860 he reduced the number of articles taxed from 419 to 48. ' Between 1861 and 1865 the tea duty was reduced to 6*d.* a lb. and the paper duty was abolished. At this latter date all duties on raw materials had disappeared, while of manufactured articles only jewellery, lace, and plate were taxed. The only customs duties left were those on tobacco, sugar, tea, coffee, cocoa, wines, and spirits, the last two of which are balanced by excise duties on similar home products.

Briefly stated our principles of taxation have been as follows : (i) the duty must be remunerative ; (ii) it must not " protect," and so enhance the price of, any home product ; (iii) articles of universal consumption must not be taxed, for this imposes undue hardship on the poorer classes. In pursuance of this object later chancellors of the exchequer have reduced the sugar duties to a minimum, and lowered the tea duties materially.

GENESIS OF TARIFF REFORM.—During the last thirty years, while the foreign trade of Great Britain has steadily increased, the *relative* expansion of that of Germany and the United States has been far greater. This was only natural, for these two countries came later into the field and possessed far greater stores of unexploited natural resources. Considerable alarm, however, was excited among the producing classes ;

and as farmers and landowners also had been uneasy for some time a demand sprang up for what was termed "fair trade," *i.e.* an extension of the principle of reciprocal duties and of commercial treaties. In 1902 Joseph Chamberlain took up the cry under the name of "tariff reform," and though no change of policy has been made as yet, the demand has undoubtedly gained strength. "The war has shown the danger of dependence on foreign markets for necessities of all kinds, and the reversion to a modified form of mercantilism is not impossible.

REGULATION OF LABOUR CONDITIONS.—In 1830 the "ten-hours" movement arose, but the Government was unwilling to legislate except for the benefit of women and children. In 1833 an Act was passed prohibiting the working of children under nine, except in silk mills. Between the ages of nine and thirteen they were not to work more than eight hours a day, but were to be taught for two hours extra: nobody under eighteen was to work at night. Inspectors were appointed to see that the Act was carried out, and in the early 'forties a commission was appointed to inquire into child-labour generally. It began with the coal mines, and a Blue Book published in 1842 revealed a very sad state of things: as a result women were forbidden to work underground, and regulations were made to safeguard the lives of the men. A second Blue Book dealing with child labour generally disclosed an equally bad state of affairs. For thirty years factory legislation had been regarded as applying to textile manufactures only, but in 1864 the term "factory" was extended to include all manufacturing industries. Finally, in 1870, compulsory education

cut the Gordian knot, by forcing children to attend school. This prevented their being sent to work at too early an age, though the half-time system still survives in the textile industries.

The "ten-hours" party was dissatisfied with the Act of 1833, but indirectly it did limit the men's hours.

In spite of the Acts of 1824-5 trade unionism was still hampered by prohibitions, and in 1834 four Dorset labourers were actually tried for administering an oath under the union and transported. This conviction broke up the movement, and the workmen, having failed to secure by other means what they considered their rights, began to seek political power and were driven to join the Chartists. Chartism, however, failed to become an effective political creed, and died out in 1848.

**POOR LAW AMENDMENT.**—In 1834 the Poor Law was amended. It was seen that the poor man had to be deterred from applying for help from the rates, so (i) outdoor relief for the able-bodied was abolished, and the workhouse test was restored; (ii) Parishes were grouped into Unions and placed under elected Boards of Guardians; (iii) the guardians were put under a central body—the Poor Law Commissioners. These commissioners were replaced in 1847 by the Poor Law Board, and in 1871 by the Local Government Board. Not enough special attention, however, was given to classifying paupers and to making provision for the aged, widows, and children; moreover, the reformers did not pay sufficient attention to the medical side of the question. The result has been that different unions have pursued different infirmity policies, and children

have been dealt with in many different ways. The reformed Poor Law was very unpopular with the working classes, but it had to be made hard. Real grievances, however, did exist, such as the separation of old couples. The law of settlement had been relaxed before : it was now entirely swept away.

WAGE EARNERS' CONDITION.—By 1848 the condition of the working man had begun to improve, and between that date and 1910 wages went up as much as 80 per cent. After a decline in 1870, they recovered again later on. The cost of living remained about the same over the end of the nineteenth century.

THE FORMATION OF TRADE UNIONS.—The period devoted to the peaceful formation of unions by working men was from 1850 to 1870. The Act of 1824 had repealed the laws against workmen's combinations, but in 1825 an amending Act had declared all meetings and combinations of labourers to produce a general rise in wages to be conspiracy, as well as all agreements to strike or to induce others to do so. Trade unions, however, grew apace in spite of this repression, and in 1851 the A.S.E.\* was formed. The attitude of Parliament remained suspicious and hostile, and a few outrages occurred during the 'sixties ; but a big inquiry into the whole subject was held in 1867. In 1871 and 1875 statutes gave rights and privileges to trade unions, since when they have had a fairly free hand. The establishment of machinery for adjusting disputes between masters and men took place about this time : the earliest boards of representatives were formed in 1869. The first was the North of England iron board,

\* Amalgamated Society of Engineers.

after which came another for the lace makers in Notts. Something of the kind has grown up in most big industries, as have also federations of employers.

The Trade Union Act of 1871 recognised unions as legal: the Act of 1875 repealed all special laws against combination and conspiracy, and ordered such offences to be tried by Common Law. Breaches of contract, malicious injury (*e.g.* rattening or "sabotage"), and desertion of employment were no longer to be regarded as criminal offences. Unions, however, were not yet recognised as corporations, and it was believed that they could not be sued.\*

THE TAFF VALE ACT.—In 1900 the Taff Vale Company sued the A.S.R. for damages incurred in a strike ordered by the local union officials, and especially for picketing, *i.e.* combining to induce others to strike. The union was cast in damages to the amount of £24,000, and the decision was confirmed by the House of Lords. This decision threatened the trade unions with ruin and made all strikes impossible. Consequently in 1906 an Act was passed by which (i) peaceful picketing was legalised; (ii) trade unions were exempted from the Common Law relating to conspiracy; (iii) unions were freed from collective responsibility for "tortious acts" (*i.e.* acts leading to damage) committed by their members or officials.

DEVELOPMENTS OF TRADE UNIONISM.†—Up to 1880 trade unions were almost entirely confined to skilled

\* The unions have never been and are not now recognised as corporations in law.

† Dates of establishment of the more important unions: 1848, Bricklayers; 1849, Printers; 1851, Engineers; 1860, Carpenters; 1869 Miners (the first of a series); 1870, Cotton Spinners; 1871, Railwaymen; 1874, Bootmakers.

trades : their contributions were high and their benefits large. In 1887 the movement spread to the unskilled trades. Unions were formed of dock labourers, general labourers, transport workers, railway servants, gas workers, and seamen. The special features of these new unions were their large numbers, their low subscriptions, and their small benefits : they were essentially fighting bodies, rather than true benefit societies. Improvement in wages or conditions of employment had to be obtained either from employers, by sudden general strikes organised with great rapidity, or from the State, by threats to hold up necessary public services. " Direct action " became more and more a popular cry.

Another development of the last few years is the tendency to federate the unions of particular trades, and even of whole occupations, into larger bodies, so as to be able to strike on a bigger scale. Thus the miners are federated and have, further, a working agreement with the transport and railway men—called " The Triple Alliance." The union of all the engineering trades is now (1919) on the point of completion. In 1913 there were 1135 unions with four millions of members, and funds amounting to £5,121,000. Methods of arbitration, sliding scales, and working agreements are becoming more usual, and industrial councils have been, and are being, created in most trades.

On the other hand, the Trades Union Congress, which was founded in 1868, is becoming more and more a political body ; strikes for political purposes are freely advocated, and extreme socialistic views tend to predominate in the representative bodies of the unions.

**CO-OPERATION.**—The co-operative movement is one of the important developments of the second half of the nineteenth century.

Its aim is "to enable workmen to work not in the interests of one individual or of a few, but in the interests of the general body of those concerned, both as workers and consumers of commodities."

In 1844 twenty-eight men subscribed a capital of £1 each and formed the "Pioneer Society" at Rochdale to purchase their own supplies and divide the profits. The movement grew rapidly. In 1864 there were 500 "distributing societies" with a capital of £685,000, a business turn-over of 2½ millions a year, and an annual profit of £225,000. In 1893 the societies numbered 1600, with 13,000,000 members, and a capital of £12,000,000. Profits are divided according to: (1) the amount of capital held by individual members; (2) the amount of purchases. In 1864 a further step was taken. The "Wholesale Society" was founded to supply goods to the distributing stores, the latter providing the necessary capital. Thus the societies secured for themselves the middle-man's profits. A similar society was founded in Scotland in 1868. In 1893 the combined receipts of the wholesale societies amounted to £15,500,000. A third step, taken a few years later, was the establishment of "manufacturing or producing societies," including cotton and woollen mills, federal flour mills, and co-operative farms.

The growth of the Wholesale Society's activities during the last 20 years has been astonishing. It possesses and works over 33,000 acres of land in Great Britain and 10,000 in Canada, besides 58,000 acres of tea estates in India and Ceylon. Its list



of manufactures covers the whole range of retail trade. It owns and operates 10 dairies and milk depots, 10 flour mills valued at over £9,000,000 and more than 80 other factories whose total capital value exceeds £30,000,000.

The following figures for 1919 further illustrate the growth of the movement :—

C.W.S. net sales, £89,000,000.

Turnover of Loan and Deposit Dept., £522,000,000.

Premium Income of Insurance Dept., £924,000.

In 1869 a "Co-operative Union" was founded which holds annual meetings to discuss questions of management, the allocation of profits, methods of dealing with surplus capital, propaganda, methods of education, and other similar subjects. In this connection we may note the growth of "agricultural co-operation." Many societies have been formed for the grading and marketing of produce, and the purchase of fertilisers and agricultural machinery on more advantageous terms. In continental countries the system is very successful, notably in Denmark and Italy. It has also made good progress in Ireland. In Great Britain farmers have shown less willingness to adopt the method, but the developments of the last few years are encouraging.

## CHAPTER XVIII

### CONCLUSION

SOME MODERN DEVELOPMENTS.—It remains to allude briefly to a few of the more important economic developments of recent years and to indicate in tentative fashion the direction in which events seem to be tending. •

IMPORTANT INVENTIONS.—The application of science to industrial processes has gone on with ever-increasing speed. Only a few of the more outstanding results can be indicated. (*a*) The extension of electrical appliances. In 1875 Bell and Edison perfected the telephone. It was at once widely adopted in America ; but some years elapsed before its use became general in England. At first it was in the hands of small local companies and enterprising municipalities. Gradually these local concerns were absorbed by a few larger units, and finally the whole control passed into the hands of the National Telephone Company, from which, in 1906, it reverted by purchase to the State. In spite of its many shortcomings the telephone has proved indispensable for the rapid transaction of business on a large scale.

The application of electricity to lighting purposes began in the early 'eighties. Here the crucial invention, the incandescent lamp, was the work of the American

Edison, but most of the modern improvements, *e.g.* the metallic filaments, are of British or German origin. No modern invention has added more to the amenities of private life or to the efficiency of factory organisation. Electric traction has rendered possible the development of London's system of underground railways, and of the tramways in all the great industrial towns.

Even more important is the growing use of electricity as a source of power. No longer is it necessary to concentrate the whole of our industries on or around the coal-fields. They can extend out into the country, where land is cheap, and where the health and comfort of the workers can be more easily provided for.

Wireless telegraphy, in which the first successful experiments were those of Preece and Marconi in 1897, is becoming increasingly useful, and bids fair to supersede the electric cable for long-distance communication. Already messages have been sent and received over more than 5000 miles. Two difficulties remain to be surmounted, *viz.* the attainment of secrecy and the avoidance of interference of one system of waves with another.

(b) *The Internal Combustion Engine.*—The principle of the gas engine had long been known, and the Otto stationary engine was in use before 1890. About 1896 Hugo Daimler first constructed a petrol engine to drive a car along the roads. The device was speedily developed and perfected. During the first decade of the twentieth century the use of motor-cars and motor-waggons became general, and bids fair to revolutionise transport, especially for goods. The number of motor-driven vehicles in London alone is over 80,000. Our

roads, long half-deserted, are now inadequate to carry the increasing traffic, and towns and villages off the main tracks are waking up into new life.

“BIG BUSINESS.”—The size of the “Representative Unit,” by which the processes of production and exchange can be most efficiently and economically carried on at any given stage of industry, tends steadily to increase. Thus the private banks have all, with three or four exceptions, been absorbed by the great joint-stock corporations. These in their turn tend to amalgamate, the more powerful absorbing the weaker, till there is a grave fear that the whole financial control of the country may pass into the hands of a single vast organisation. So, too, associations of financiers tend to be increasingly international, cutting across the frontiers of race and government. Thus the power of the moneyed class steadily increases, and therewith its influence on Governments, though largely behind the scenes.

In industry the same tendency is apparent. In some cases the larger concerns buy up or acquire a controlling \* interest in the smaller. Hence, trusts or combines limiting outputs, distributing orders, and fixing selling prices. Two or three great organisations, the Standard Oil, the Royal Dutch and Shell, and the Mexican Eagle control between them pretty nearly all the world's output of petroleum, and fix the selling price of the product by agreement. So, too, the great firm of Coats and Co. control the sewing-cotton trade, and hold

\* *E.g.* the great soap firm of Lever Bros. owns a controlling interest in some five-sixths of the other companies engaged in this industry.

governing interests in the producing firms of foreign countries. Turning to distributing agencies, we find that the great London stores and the multiple shops are steadily driving the small concerns out of business, while wholesale combines, such as the Imperial Tobacco Company, are able to dictate to retailers the goods they shall stock and the prices they shall charge.

In those industries which are not yet controlled by trusts or cartels there exist employers' associations, which fix prices, and in some cases allot orders or regulate the rates and terms at which contracts shall be tendered for. Such are the shipping conferences, and the associations of engineering and shipbuilding firms.

In Great Britain no serious attempts have been made to check this tendency towards monopoly, and it must be admitted that the measures taken in other countries have had but scanty success.

TRADE UNION COMBINES.—Reference has been already made to the process by which the old "Craft Unions" have been gradually united into vast "Industrial Unions," including all the workers in a wide range of occupations, and the great extension in the area of industrial disputes brought about by the "sympathetic strike." The latest development in this direction, the "Council of Direct Action," claims to be able to focus the whole power of organised labour on one single object, whether that object be industrial or political.

CAPITAL v. LABOUR: METHODS OF CONCILIATION.—In consequence of these developments trade disputes tend to become nation-wide and to paralyse the whole life of the community. At the same time, many

attempts have been made to prevent industrial warfare. Schemes of "profit-sharing," first suggested by Robert Owen, have been adopted, by which the workers either receive a bonus out of profits proportional to the wages earned, or are afforded facilities for becoming shareholders on favourable terms. Many difficulties have been experienced, not least the opposition of the unions, but in some cases, *e.g.* the South Metropolitan Gas Company, the scheme appears to have been a success.

GOVERNMENT CONTROL OF WAGES AND HOURS.—Government has come to take an increasing share in the fixing of wages and hours and in composing trade disputes. The Miners' Eight Hours Act, 1908, has limited hours of labour in mines. Acts of earlier date had fixed hours in other occupations, *e.g.* railway servants, 1894; shop-assistants, 1886 and 1892, limiting hours for young persons. In 1908 an Act was passed creating a statutory committee empowered to fix minimum wages in certain scheduled trades where sweating was prevalent, and to add further trades to their list if they saw fit. Within the last three years an Agricultural Wages Board has been appointed with power to fix wages of farm labourers throughout the kingdom. In other trades, *e.g.* textiles, shipbuilding, mining, engineering, wages have been standardised by joint committees of masters and men, usually presided over by a chairman appointed by the Government.

Moreover, though compulsory arbitration has not yet been tried, an Act has been passed, directing the Board of Trade, in case of any important dispute, to depute an official to act as conciliator, and as arbitrator if both sides consent.

In nearly all Government departments, and in many great industries, "Whitley Councils" have been created consisting of members, representing both masters and men, presided over by an impartial chairman, whose duty it is to compose disputes, settle questions of wages, hours, and conditions of employment, and avert strikes. In short, side by side with the increase in power and efficiency of capital and labour, and the consequent danger of quarrels, there has grown up a whole series of devices designed to minimise that danger.

TAXATION.—The increase in the duties imposed on the State has necessitated an increase in revenue. Here the outstanding facts are two: (1) The increasing ratio of direct to indirect taxation. (2) The adoption of the principle of graduation by which large accumulations are taxed at a progressively higher rate. In 1816 the peace revenue of the country was 62 millions. Sir William Harcourt when Chancellor of the Exchequer expressed alarm at the prospect of a budget exceeding a hundred millions, but by 1913 the revenue stood at the figure of 198 millions, and yet the debt was being paid off at the rate of over seventeen millions a year.\*

The principal land-marks in taxation are: 1853, Gladstone imposed the first succession duty on real property. In 1894 Sir William Harcourt equalised the duties on real and personal property, made the duties payable on the "principal value" of the estate (*i.e.* its selling value in open market), and graduated the percentage payable so as to take a proportionately

\* From 1904-1914 over 115 millions were paid off. Maximum in one year, 28 millions in 1911.

higher fraction from the big estates. He also made exemption and abatements in income tax.

The principle was further extended in the famous "Poor Man's Budget" of 1909-1910. The scale of graduation in death duties was made steeper, and a "super-tax" imposed on incomes above a certain figure (£5000 per annum; now (1921) £2000.)

CHANGES IN POLITICAL AND ECONOMIC THEORY.—<sup>2</sup> The first half of the nineteenth century was marked by the triumph of individualism. Happiness, said the economists, was best attained by the untrammelled competition of man with man.

But the course of events proved the fallacy of this theory when carried to its logical conclusion. It became clear that hardship and injustice could only be avoided by State intervention. Conservative reformers contented themselves with dealing with abuses as they arose. But more radical thinkers argued that nothing less than a complete transformation of the social system would provide an adequate remedy; and so we observe the growth of a new theory—Socialism in its various manifestations. In England Socialism as an effective theory dates from the early 'eighties. Then it was that Henry George published his "Progress and Poverty," in which he advocated land nationalisation as a panacea for social evils. But the real founder of modern Socialism is Karl Marx, and its bible is "Capital." The Marxian theory, stated shortly, was this: (1) There are only two factors in the production of wealth, land and labour. (2) The value of an article depends solely on the amount of labour expended on it. (3) Therefore, since capital is not essential, the profits received by capitalists are unjustly acquired.



(4) The sole remedy for the evils of existing society is "the acquirement by the State of all the means of production, distribution, and exchange." It follows from this analysis that the interests of Capital and Labour are essentially incompatible, and the "Class War" which Marx predicted is inevitable.

Educated Socialists nowadays admit that Marx's theory is unduly simplified, and reject many of his conclusions. But his influence among the workers is unbounded. Socialism has captured the trade unions, as is proved by the annual resolutions of the Trade Union Congress. But when we come to practical proposals we find innumerable shades of opinion. *Fabians* advocate a gradual permeation of opinion, and a step by step advance in the direction of nationalisation. *Nationalisers* would prefer to act at once. The State should (as they hold) take over at any rate all the big enterprises by a series of bold and drastic measures. Whether the existing owners shall be compensated, and if so to what extent, is a matter on which much difference of opinion exists. The "Labour Party," which has been avowedly Socialist since 1908, when it became formally affiliated to the Internationale (a society purporting to represent the workers of all nations), has officially adopted this point of view. This party is a real power in the State. It claims to dispose of some 3½ million votes, and has sixty-eight Members of Parliament (in 1921).

A minority of Socialists advocate *Syndicalism*. They hold that the members of each trade or industry should collectively own the plant and raw material of that industry, and, one presumes, operate it entirely in their own interest. A variant of this theory is

*Guild Socialism.* Here the State is to own the materials of industry, which is to be operated by its members, who are to pay an agreed rent for them to the State. The relations between the guilds, prices, methods of exchange, etc., are to be decided by a representative assembly. Finally, there are the *Communists*, a small but energetic minority, who would do away with the institution of private property altogether.

It cannot be denied that in recent years the State has entered upon many enterprises hitherto left to private initiative. During the war the limits of State enterprise and the limits of control over private firms have been largely extended. It has been proved that the State *can* operate all the means of production and exchange. Whether it can do so economically, profitably, and progressively seems more doubtful.

FUTURE DEVELOPMENTS.—The progress of science and the development of industry in the last hundred years has gone on at a speed never approached in the history of the world. It is fair to conclude that this progress will continue at an ever-increasing rate. The ratio of wealth to population was never so high as in 1914, and, given normal conditions, the standard of comfort in the future will probably be higher than at any period in the past. But the science of production has altogether outstripped the progress of social and political science ; and therein lies a danger. Ill-feeling, bitter class hostility, and the violence that is its natural outcome may ruin all the fair prospects of civilisation. But if the spirit of honest scientific inquiry, the judicious weighing of facts, be allowed its free play, if fair dealing between class and class be regarded as a social duty, and selfishness be treated as a social











